

VISTAPRINT N.V. (VPRT)

10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filed on 10/26/2012

Filed Period 09/30/2012

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period Ended September 30, 2012

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number 000-51539

Vistaprint N.V.

(Exact Name of Registrant as Specified in Its Charter)

The Netherlands
(State or Other Jurisdiction of
Incorporation or Organization)

98-0417483
(I.R.S. Employer
Identification No.)

Hudsonweg 8
5928 LW Venlo
The Netherlands
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: 31-77-850-7700

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company (as defined in Exchange Act Rule 12b-2). See definitions of "large accelerated filer," "accelerated filer," "non-accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2). Yes No

As of October 19, 2012, there were outstanding 34,264,583 ordinary shares, par value €0.01 per share, of Vistaprint N.V.

VISTAPRINT N.V.
QUARTERLY REPORT ON FORM 10-Q
For the Three Months Ended September 30, 2012

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PART I. FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS****VISTAPRINT N.V.**
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited in thousands, except share and per share data)

	September 30, 2012	June 30, 2012
Assets		
Current assets:		
Cash and cash equivalents	\$ 59,319	\$ 62,203
Accounts receivable, net of allowances of \$205 and \$189, respectively	20,598	20,125
Inventory	8,095	7,168
Prepaid expenses and other current assets	26,567	26,102
Total current assets	114,579	115,598
Property, plant and equipment, net	277,428	261,228
Software and web site development costs, net	5,840	5,186
Deferred tax assets	1,204	327
Goodwill	141,066	140,429
Intangible assets, net	38,433	40,271
Other assets	28,892	29,390
Investment in equity interests	13,028	—
Total assets	<u>\$ 620,470</u>	<u>\$592,429</u>
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	\$ 19,577	\$ 25,931
Accrued expenses	90,767	98,402
Deferred revenue	16,863	15,978
Deferred tax liabilities	1,677	1,668
Other current liabilities	512	—
Total current liabilities	129,396	141,979
Deferred tax liabilities	18,226	18,359
Other liabilities	14,348	13,804
Long-term debt	259,314	229,000
Total liabilities	<u>421,284</u>	<u>403,142</u>
Commitments and contingencies (Note 10)		
Shareholders' equity:		
Preferred shares, par value €0.01 per share, 120,000,000 shares authorized; none issued and outstanding	—	—
Ordinary shares, par value €0.01 per share, 120,000,000 shares authorized; 49,950,289 shares issued and 34,247,761 and 34,119,637 shares outstanding, respectively	699	699
Treasury shares, at cost, 15,702,528 and 15,830,652 shares, respectively	(376,241)	(378,941)
Additional paid-in capital	290,728	285,633
Retained earnings	290,932	292,628
Accumulated other comprehensive loss	(6,932)	(10,732)
Total shareholders' equity	199,186	189,287
Total liabilities and shareholders' equity	<u>\$ 620,470</u>	<u>\$592,429</u>

See accompanying notes.

VISTAPRINT N.V.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited in thousands, except share and per share data)

	Three Months Ended September 30,	
	2012	2011
Revenue	\$ 251,416	\$ 212,360
Cost of revenue (1)	88,027	78,064
Technology and development expense (1)	37,657	26,674
Marketing and selling expense (1)	99,997	76,344
General and administrative expense (1)	25,501	21,532
Income from operations	234	9,746
Interest income	42	83
Other (expense) income, net	(509)	450
Interest expense	1,204	—
(Loss) income before income taxes and (loss) earnings in equity interests	(1,437)	10,279
Income tax provision (benefit)	134	2,107
(Loss) earnings in equity interests	(125)	—
Net (loss) income	\$ (1,696)	\$ 8,172
Basic net (loss) income per share	\$ (0.05)	\$ 0.20
Diluted net (loss) income per share	\$ (0.05)	\$ 0.19
Weighted average shares outstanding — basic	33,674,293	41,256,341
Weighted average shares outstanding — diluted	33,674,293	42,309,506

(1) Share-based compensation is allocated as follows:

	Three Months Ended September 30,	
	2012	2011
Cost of revenue	\$ 98	\$ 94
Technology and development expense	2,240	859
Marketing and selling expense	1,549	555
General and administrative expense	4,380	3,215

See accompanying notes.

VISTAPRINT N.V.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited in thousands)

	Three Months Ended September 30,	
	2012	2011
Net (loss) income	\$ (1,696)	\$ 8,172
Other comprehensive income (loss):		
Foreign currency translation	4,088	(10,803)
Unrealized loss on cash flow hedge	(288)	—
Total comprehensive income (loss)	\$ 2,104	\$ (2,631)

See accompanying notes.

VISTAPRINT N.V.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited in thousands)

	Three Months Ended September 30,	
	2012	2011
Operating activities		
Net (loss) income	\$ (1,696)	\$ 8,172
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	14,658	13,107
Share-based compensation expense	8,267	4,723
Excess tax benefits derived from share-based compensation awards	179	(134)
Deferred taxes	(1,055)	(253)
Other non-cash items	(92)	26
Loss in equity interest	125	—
Non-cash gain on equipment	(1,279)	—
Changes in operating assets and liabilities:		
Accounts receivable	(333)	309
Inventory	(863)	(442)
Prepaid expenses and other assets	—	472
Accounts payable	(3,538)	(1,951)
Accrued expenses and other liabilities	(7,723)	6,512
Net cash provided by operating activities	<u>6,650</u>	<u>30,541</u>
Investing activities		
Purchases of property, plant and equipment	(27,759)	(10,998)
Proceeds from sale of intangible assets	1,750	—
Maturities and redemptions of marketable securities	—	529
Purchases of intangible assets	(9)	(89)
Capitalization of software and website development costs	(1,301)	(1,682)
Investment in equity interest	(12,653)	—
Net cash used in investing activities	<u>(39,972)</u>	<u>(12,240)</u>
Financing activities		
Proceeds from borrowings of long-term debt	39,212	—
Payments of long-term debt and debt issuance costs	(9,008)	—
Payments of withholding taxes in connection with vesting of restricted share units	(1,166)	(1,075)
Purchases of ordinary shares	—	(91,088)
Excess tax benefits derived from share-based compensation awards	(179)	134
Proceeds from issuance of shares	891	69
Net cash provided by (used in) financing activities	<u>29,750</u>	<u>(91,960)</u>
Effect of exchange rate changes on cash	688	(1,801)
Net decrease in cash and cash equivalents	<u>(2,884)</u>	<u>(75,460)</u>
Cash and cash equivalents at beginning of period	62,203	236,552
Cash and cash equivalents at end of period	<u>\$ 59,319</u>	<u>\$ 161,092</u>

See accompanying notes.

VISTAPRINT N.V.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited in thousands, except share and per share data)

1. Description of the Business

The Vistaprint group of companies offers micro businesses the ability to market their businesses with a broad range of brand identity and promotional products, marketing services and digital solutions. Through the use of proprietary Internet-based graphic design software, localized websites, proprietary order receiving and processing technologies and advanced computer integrated production facilities, we offer a broad spectrum of products, such as business cards, website hosting, apparel, signage, promotional gifts, brochures, online marketing and creative services. We focus on serving the marketing, graphic design and printing needs of the micro business market, generally businesses or organizations with fewer than 10 employees and usually 2 or fewer. We also provide personalized products for home and family use.

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements include the accounts of Vistaprint N.V., its wholly owned subsidiaries, and those entities in which we have a variable interest and are the primary beneficiary. Intercompany balances and transactions have been eliminated. Investments in entities in which we can exercise significant influence, but do not own a majority equity interest or otherwise control, are accounted for using the equity method and are included as investments in equity interests on the condensed consolidated balance sheets.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and, accordingly, do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments, consisting primarily of normal recurring accruals, considered necessary for a fair presentation of the results of operations for the interim periods reported and of our financial condition as of the date of the interim balance sheet have been included. Operating results for the three months ended September 30, 2012 are not necessarily indicative of the results that may be expected for the year ending June 30, 2013 or for any other period. The condensed consolidated balance sheet at June 30, 2012 has been derived from our audited consolidated financial statements at that date but does not include all of the information and footnotes required by GAAP for complete financial statements. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended June 30, 2012 included in the our Annual Report on Form 10-K filed with the United States Securities and Exchange Commission (the "SEC"). Certain reclassifications have been made in the prior period condensed consolidated financial statements to conform to the current presentation.

Cash and Cash Equivalents

We consider all highly liquid investments purchased with an original maturity of three months or less to be the equivalent of cash for the purpose of balance sheet and statement of cash flows presentation. We did not hold any marketable securities at September 30, 2012 or June 30, 2012. The carrying value of our cash and cash equivalents at September 30, 2012 and June 30, 2012 is equal to fair value.

Software and Web Site Development Costs

We capitalize eligible salaries and payroll-related costs of employees who devote time to the development of websites and internal-use computer software. Capitalization begins when the preliminary project stage is complete, management with the relevant authority authorizes and commits to the funding of the software project, and it is probable that the project will be completed and the software will be used to perform the function intended. These costs are amortized on a straight-line basis over the estimated useful life of the software. As of July 1, 2012, we revised the estimated useful life of these assets from 2 to 3 years based on an evaluation of historical trends, the period of benefit of past projects, and our current project portfolio. This change in estimate reduced our net loss for the three months ended September 30, 2012 by approximately \$690 when compared to the historical estimated useful life and could have a material impact in the future.

Net (Loss) Income Per Share

Basic net (loss) income per share is computed by dividing net (loss) income by the weighted-average number of ordinary shares outstanding for the respective period. Diluted net (loss) income per share gives effect to all potentially dilutive securities, including share options, restricted share units ("RSUs") and restricted share awards ("RSAs"), if the effect of the securities is dilutive using the treasury stock method. Awards with performance or market conditions are included using the treasury stock method only if the conditions would have been met as of the end of the reporting period and their effect is dilutive.

The following table sets forth the reconciliation of the weighted-average number of ordinary shares:

	Three Months Ended September 30,	
	2012	2011
Weighted average shares outstanding, basic	33,674,293	41,256,341
Weighted average shares issuable upon exercise/vesting of outstanding share options/RSUs/RSAs (1)	—	1,053,165
Shares used in computing diluted net (loss) income per share	33,674,293	42,309,506
Weighted average anti-dilutive shares excluded from diluted net (loss) income per share (1)	3,047,051	1,646,549

(1) Due to the net loss for the three months ended September 30, 2012, the effect of share options, RSUs, and RSAs is anti-dilutive.

Share-Based Compensation

During the three months ended September 30, 2012 and 2011, we recorded share-based compensation expense of \$8,267 and \$4,723, respectively. Share-based compensation costs capitalized as part of software and website development costs were \$19 and \$57 for the three months ended September 30, 2012 and 2011, respectively.

As of September 30, 2012, there was \$73,189 of total unrecognized compensation cost related to non-vested, share-based compensation arrangements, net of estimated forfeitures. This cost is expected to be recognized over a weighted average period of 3.4 years.

Investments in Equity Interests

Investments in the equity of entities in which we can exercise significant influence but do not own a majority equity interest or otherwise control are accounted for using the equity method and are included as investments in equity interests on the consolidated balance sheets. We record our share of the results of these entities within earnings in equity interests on the consolidated statements of operations. We review our investments for other-than-temporary impairment whenever events or changes in business circumstances indicate that the carrying value of the investment may not be fully recoverable. Investments identified as having an indication of impairment are subject to further analysis to determine if the impairment is other-than-temporary and this analysis requires estimating the fair value of the investment, which involves considering factors such as comparable valuations of public companies similar to the entity in which we have an equity investment, current economic and market conditions, the operating performance of the entities including current earnings trends and forecasted cash flows, and other entity and industry specific information.

Derivative Financial Instruments

In July 2012, we entered into interest rate swap contracts to manage differences in the amount, timing, and duration of our known or expected cash payments related to our long term debt. Our objective in using interest rate derivatives is to add stability to interest expense and to manage our exposure to interest rate movements. To accomplish this objective, we executed interest rate swaps as part of our interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for us making fixed-rate payments over the life of the derivative agreements without exchange of the underlying notional amount. We execute these instruments with financial institutions that we judge to be credit-worthy. We do not hold or issue derivative financial instruments for trading or speculative purposes and do not have any derivatives that are not designated as hedges for accounting purposes.

The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges is recorded in accumulated other comprehensive loss and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. During the three months ended September 30, 2012, such derivatives were used to hedge the variable cash flows associated with our long-term debt. If a derivative is deemed to be ineffective, the ineffective portion of the change in fair value of the derivatives is recognized directly in earnings. During the three months ended September 30, 2012, we did not hold any derivative instruments that were determined to be designated as ineffective. As of September 30, 2012, the aggregate notional amount of our outstanding interest rate swap contracts was \$100,000.

The fair value amount of derivatives included in accrued expenses in our condensed consolidated balance sheets related to interest rate swap contracts was as follows:

	Liability Derivatives	
	September 30, 2012	June 30, 2012
Derivatives designated as hedging instruments	\$ 288	\$ —
Total	\$ 288	\$ —

The following table presents a roll forward of amounts recognized in accumulated other comprehensive loss related to our interest rate swap contracts designated as cash flow hedges during the three months ended September 30, 2012:

	Net unrealized loss on interest rate swap contracts
Balance at June 30, 2012	\$ —
Amount of net unrealized loss recognized in accumulated other comprehensive loss	(321)
Amount of net unrealized loss reclassified into earnings	33
Balance as of September 30, 2012	\$ (288)

Amounts reported in accumulated other comprehensive loss related to derivatives are reclassified to interest expense as interest payments are accrued or made on our variable-rate debt.

In accordance with the fair value measurement guidance, our accounting policy is to measure the credit risk of our derivative financial instruments that are subject to master netting agreements on a net basis by counterparty portfolio.

Recently Issued or Adopted Accounting Pronouncements

None.

3. Fair Value Measurements

The following tables summarize our assets and liabilities that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy:

September 30, 2012					
Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Assets					
Cash and cash equivalents	\$ 59,319	\$ 59,319	\$ —	\$ —	
Total assets recorded at fair value	<u>\$ 59,319</u>	<u>\$ 59,319</u>	<u>\$ —</u>	<u>\$ —</u>	
Liabilities					
Albumprinter contingent earn-out	\$ 291	\$ —	\$ —	\$ 291	
Interest rate swap contracts	288	—	288	—	
Total liabilities recorded at fair value	<u>\$ 579</u>	<u>\$ —</u>	<u>\$ 288</u>	<u>\$ 291</u>	

June 30, 2012					
Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Assets					
Cash and cash equivalents	\$ 62,203	\$ 62,203	\$ —	\$ —	
Total assets recorded at fair value	<u>\$ 62,203</u>	<u>\$ 62,203</u>	<u>\$ —</u>	<u>\$ —</u>	
Liabilities					
Albumprinter contingent earn-out	\$ 570	\$ —	\$ —	\$ 570	
Total liabilities recorded at fair value	<u>\$ 570</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 570</u>	

During the three months ended September 30, 2012 and September 30, 2011 there have been no significant transfers in and out of Level 1, Level 2 and Level 3.

The following table represents the changes in fair value of Level 3 contingent consideration:

	Albumprinter contingent earn-out
Balance at June 30, 2012	\$ 570
Fair value adjustment	(289)
Effect of currency translation adjustments	10
Balance at September 30, 2012	<u>\$ 291</u>

The valuations of the derivatives intended to mitigate our interest rate risk are determined using widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flows of each instrument. This analysis utilizes observable market-based inputs, including interest rate curves and interest rate volatility, and reflects the contractual terms of these instruments, including the period to maturity. We incorporate credit valuation adjustments to appropriately reflect both our own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. In adjusting the fair value of our derivative contracts for the effect of nonperformance risk, we have considered the impact of netting and any applicable credit enhancements.

Although we have determined that the majority of the inputs used to value our derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with our derivatives utilize Level 3 inputs, such as estimates of current credit spreads, to appropriately reflect both our own nonperformance risk and the

respective counterparties' nonperformance risk in the fair value measurement. However, as of September 30, 2012, we have assessed the significance of the impact of the credit valuation adjustments on the overall valuation of our derivative positions and have determined that the credit valuation adjustments are not significant to the overall valuation of our derivatives. As a result, we have determined that our derivative valuations in their entirety are classified in Level 2 in the fair value hierarchy.

The share purchase agreement for our acquisition of Albumprinter Holding B.V. provides for an earn-out payment that is payable based on achieving certain operational results for calendar year 2012. This earn-out is measured at fair value and is based on significant inputs not observable in the market, which represents a Level 3 measurement within the fair value hierarchy. The valuation of contingent consideration uses assumptions and estimates to forecast a range of outcomes and probabilities for the contingent consideration. We assess these assumptions and estimates on a quarterly basis as additional data impacting the assumptions is obtained. Any changes in the fair value of contingent consideration related to updated assumptions and estimates are recognized within the consolidated statements of operations during the period in which the change occurs. During the three months ended September 30, 2012, the fair value of the liability was adjusted as a result of updated information decreasing our estimate of the probability of incurring the liability.

As of September 30, 2012 and June 30, 2012, the carrying amounts of cash and cash equivalents, receivables, accounts payable, and other current liabilities approximated their estimated fair values. We performed an evaluation of the estimated fair value of our long-term debt and as of September 30, 2012 the fair value approximates the carrying value of the liability. The estimated fair value of our long-term debt was determined using market sources that were derived from available market information and may not be representative of actual values that could have been or will be realized in the future .

4. Goodwill and Acquired Intangible Assets

Goodwill

The carrying amount of goodwill by segment as of June 30, 2012 and September 30, 2012 is as follows:

	North America	Europe	Most of World	Total
Balance as of June 30, 2012	\$ 96,469	\$ 43,752	\$ 208	\$ 140,429
Acquisitions	—	—	—	—
Effect of currency translation adjustments (1)	—	637	—	637
Balance as of September 30, 2012	<u>\$ 96,469</u>	<u>\$ 44,389</u>	<u>\$ 208</u>	<u>\$ 141,066</u>

(1) Relates to goodwill attributable to the Albumprinter acquisition as amounts are denominated in Euro.

Acquired intangible assets amortization expense for the three months ended September 30, 2012 and 2011 was \$2,283 and \$104 , respectively.

5. Accrued Expenses

Accrued expenses included the following:

	September 30, 2012	June 30, 2012
Advertising costs (1)	\$ 24,864	\$ 21,355
Compensation costs (2)	20,596	32,513
Income and indirect taxes	11,008	12,402
Shipping costs	5,601	4,614
Professional costs	2,395	2,277
Purchases of property, plant and equipment	5,228	6,952
Other (3)	21,075	18,289
Total accrued expenses	<u>\$ 90,767</u>	<u>\$ 98,402</u>

(1) The increase in accrued advertising costs is principally a result of our increased customer acquisition and holiday promotion costs.

(2) The decrease in accrued compensation costs is principally a result of the payment of our fiscal 2012 annual incentive compensation plans in the three months ended September 30, 2012.

(3) The increase in other accrued expenses is principally as a result of increased expenses related to temporary employees and third party fees offset by the decrease in our contingent consideration liability associated with the Alburprinter acquisition.

6. Long-Term Debt

On October 21, 2011, we entered into a senior credit agreement, which we refer to as the credit agreement, with a syndicate of lenders led by JPMorgan Chase Bank, N.A., as administrative agent, that provided for an unsecured revolving credit facility of up to \$250,000 in aggregate loan commitments with letter of credit and swing line loan sublimits of \$25,000 each. On April 13, 2012, we increased the aggregate loan commitments under the credit agreement by \$137,500, to a total of \$387,500, by adding new lenders and increasing the commitments of several existing lenders. We may from time to time, so long as no default or event of default has occurred and is continuing, further increase the loan commitments under the credit agreement by up to \$150,000 by adding new commitments or increasing the commitment of willing lenders. As of September 30, 2012 and June 30, 2012, our long-term debt outstanding was \$259,314 and \$229,000, respectively. The maturity date of the credit agreement is October 21, 2016.

Long-term borrowings under the facility will bear interest at LIBOR plus 1.25% to 1.50%, depending on our leverage ratio, which is the ratio of our consolidated total indebtedness to our consolidated earnings before interest, taxes, depreciation and amortization ("EBITDA"). As of September 30, 2012, the weighted-average interest rate on outstanding borrowings was 1.62%. We must also pay a commitment fee on unused balances of 0.175% to 0.225% depending on our leverage ratio.

The credit agreement contains financial and other covenants, including but not limited to (1) limitations on our incurrence of additional indebtedness and liens, the consummation of certain fundamental organizational changes or intercompany activities, investments and restricted payments including purchases of our ordinary shares or payments of dividends, and the amount of consolidated capital expenditures that we may make in each of our fiscal years ending June 30, 2012 through 2016 and (2) financial covenants calculated on a trailing twelve month basis that:

- our consolidated leverage ratio, which is the ratio of our consolidated indebtedness (*) to our trailing twelve-month, or TTM, consolidated EBITDA (*), will not exceed 3.5;
- our consolidated senior leverage ratio, which is the ratio of our consolidated indebtedness that is not subordinated to our indebtedness under the credit agreement to our TTM consolidated EBITDA, will not exceed 2.75; and
- our interest coverage ratio, which is the ratio of our TTM consolidated EBITDA to our TTM consolidated interest expense, will be at least 3.0.

As of September 30, 2012, we were in compliance with all financial covenants under the credit agreement.

(*) The definitions of EBITDA and consolidated indebtedness are maintained in the credit agreement filed as an exhibit to our Form 8-K filed on October 26, 2011.

All debt principal amounts outstanding under the credit facility as of September 30, 2012 are not due until maturity, October 21, 2016, and have been classified as long-term liabilities.

7. Income Taxes

Income tax expense decreased to \$134 for the three months ended September 30, 2012, as compared to \$2,107 for the three months ended September 30, 2011. The change in the income tax expense for the three months ended September 30, 2012 as compared to the same period in 2011 is primarily attributable to the timing of our pre-tax earnings for the three months ended September 30, 2012 relative to our full year forecasted pre-tax earnings. By comparison, a larger percentage of pre-tax earnings were realized in the three months ended September 30, 2011 relative to the full year 2011 earnings, thus resulting in a higher tax expense in the prior year period.

The change in the effective tax rate from the same prior year period is largely due to the timing of our pre-tax earnings to date relative to our full year forecasted pre-tax earnings and the growth in our operating expenses, which form the basis upon which our transfer pricing agreements determine pre-tax profits and related income tax expense for most of our subsidiaries. The intercompany services and related agreements among Vistaprint N.V. and its subsidiaries ensure that most of our subsidiaries realize profits based on their operating expenses, which results in taxable profits regardless of the level of consolidated pre-tax income or loss. Since our income tax expense is mainly a function of our operating expenses and cost-based transfer pricing methodologies and not a function of our consolidated pre-tax income, our effective tax rate will typically vary inversely to changes in our consolidated pre-tax income.

As of September 30, 2012, we had a liability for unrecognized tax benefits included in the balance sheet of approximately \$6,037, including accrued interest of \$325. There have been no significant changes to these amounts for the three months ended September 30, 2012. Of the total amount of unrecognized tax benefits, approximately \$2,697 will reduce the effective tax rate if recognized. We recognize interest and, if applicable, penalties related to unrecognized tax benefits in the provision for income taxes.

We conduct business in a number of tax jurisdictions and, as such, are required to file income tax returns in multiple jurisdictions globally. Generally, the years 2005 through 2012 remain open for examination by the tax authorities.

Two of our subsidiaries, Vistaprint Limited (domiciled in Bermuda) and Vistaprint USA, Incorporated are currently under income tax audit by the United States Internal Revenue Service ("IRS"). On August 16, 2012, Vistaprint Limited received a Revenue Agent's Report ("RAR") from the IRS reflecting tax assessments for the 2007 to 2009 tax years. The issue in dispute is the imposition of U.S. federal income tax on effectively connected income associated with the IRS' assertion that Vistaprint Limited has a U.S. Trade or Business. On September 17, 2012, we submitted to the IRS Examination team a written protest stating our formal disagreement with the facts and technical conclusions presented in the RAR and requesting the case to be heard by the IRS Office of Appeals. We anticipate the protest will be officially filed with the Appeals office within the next few months. Based on the technical merits of this matter, we believe that the Company's tax positions will be sustained. We plan to pursue all administrative and, if necessary, judicial remedies with respect to this matter.

In April 2011, Vistaprint USA Incorporated received an RAR for tax years 2007 to 2010 from the IRS that included one unagreed issue which was included in a formal protest submitted for consideration to the IRS Appeals office. Upon review of this protest and as a result of additional discussion with the field examination team, agreement was reached during the quarter ended June 30, 2012. We anticipate receipt of a revised RAR from the IRS in the second quarter of fiscal 2013 that we expect will conclude this audit.

One of our Canadian subsidiaries, Vistaprint North American Services Corp., is currently under federal income tax examination in Canada for tax years 2005 and 2006. The Canada Revenue Agency ("CRA") has notified us that it proposes to reassess tax year 2006, adjusting the transfer price for the contract printing services provided to Vistaprint Limited. Upon receipt of the Notice of Reassessment, we will file a Notice of Objection to have our position heard before Canadian Appeals. Based on the technical merits of this matter, we believe that the Company's tax position will be sustained.

Lastly, Vistaprint USA, Incorporated and Vistaprint Limited are both currently under income tax audit by the Massachusetts Department of Revenue. The tax years under examination are 2005 to 2008 and 2005 to 2011, respectively. These audits are still at the level of the field examination phase.

We believe that our income tax reserves associated with these matters are adequate as the positions reported on our tax returns will be sustained on their technical merits. However, final resolution is uncertain and there is a possibility that final resolution could have a material impact on our financial condition, results of operations or cash flows.

8. Investment in Equity Interests

On July 10, 2012, we acquired an equity interest in Namex Limited and its related companies ("Namex") for \$12,653 in cash and \$500 payable on an installment basis through December 31, 2016. The Namex companies include an established Chinese printing business, and the investment provides us with access to this new market and an opportunity to participate in longer-term growth in China. Our proportionate ownership share as of

September 30, 2012 is 34.5%, with additional call options to increase ownership incrementally over the coming eight years, and an approximately \$5,000 obligated investment on or before October 1, 2013.

This investment is accounted for using the equity method. We record in net (loss) income a proportionate share of the earnings of Namex with a corresponding increase or decrease in the carrying value of the investment. For the three months ended September 30, 2012, we recorded a loss of \$125 attributable to Namex in our condensed consolidated statement of operations. At September 30, 2012, the carrying value of our Namex investment in our condensed consolidated balance sheet was \$13,028. As of September 30, 2012, we have a contractual loan arrangement with the majority shareholder of Namex, in which we will loan the majority shareholder \$512 which is due with 6.5% per annum interest on or before December 31, 2016.

We have determined that the level of equity investment at risk is not sufficient for the entity to finance its activities without additional financial support and as a result, represents a variable interest entity. However, through consideration of the most significant activities of the entity in conjunction with the collective shareholders' rights of Namex, we have concluded that we do not have the power to direct the activities that most significantly impact the entity's economic performance and therefore we do not qualify as the primary beneficiary. We have a future contractual funding commitment to Namex of \$5,000 and as a result, our exposure to loss is limited to our contributed capital, the additional funding obligation, and the standard risks of proportionate equity ownership associated with the entity's operating performance.

We do not have any other commercial arrangements with Namex as of September 30, 2012.

9. Segment Information

Effective July 1, 2012, we changed our internal reporting structure to re-organize primarily on a functional basis in order to best support our long-term growth strategy. This re-organization has resulted in revised allocations of costs within our reportable segments. The information is reported internally to our Chief Executive Officer, who constitutes our Chief Operating Decision Maker ("CODM") for purposes of making decisions about how to allocate resources and assess performance. Beginning the quarter ended September 30, 2012, the CODM reviews revenue and the revised income or loss from operations based on three geographic operating segments: North America, Europe, and Most of World, which includes our historical Asia Pacific business and global emerging markets. Historic results included in this quarterly report have been reclassified where applicable to conform to this new operating segment structure.

Consistent with our historical reporting, the costs associated with shared central functions are not allocated to the reporting segments and instead are reported and disclosed under the caption "Corporate and global functions," which includes expenses related to corporate support functions, software and manufacturing engineering, and the global component of our IT operations and customer service, sales and design support. As a result of our July 1, 2012 re-organization, the cost of our North America and Europe legal, human resource, and facilities management functions were re-classified to "Corporate and global functions," whereas, the cost of these same functions remains in our Most of World segment. We do not allocate non-operating income to our segment results. There are no internal revenue transactions between our reporting segments and all intersegment transfers are recorded at cost for presentation to the CODM, for example, products manufactured by our Venlo, the Netherlands facility for the Most of World segment; therefore, there is no intercompany profit or loss recognized on these transactions. At this time, we do not fully allocate support costs across operating segments or corporate and global functions, which may limit the comparability of income from operations by segment.

Revenue by segment and geography is based on the country-specific website through which the customer's order was transacted. The following tables set forth revenue and income from operations by operating segment.

	Three Months Ended September 30,	
	2012	2011
Revenue:		
North America	\$ 144,237	\$ 118,691
Europe	89,714	79,979
Most of World	17,465	13,690
Total revenue	\$ 251,416	\$ 212,360

	Three Months Ended September 30,	
	2012	2011
Income (loss) from operations:		
North America	\$ 45,736	\$ 34,670
Europe	18,865	21,528
Most of World	(753)	1,751
Corporate and global functions	(63,614)	(48,203)
Total income from operations	\$ 234	\$ 9,746

Enterprise Wide Disclosures:

The following tables set forth revenues by geographic area:

	Three Months Ended September 30,	
	2012	2011
Revenue:		
United States	\$ 136,715	\$ 112,939
Non-United States (1)	114,701	99,421
Total revenue	\$ 251,416	\$ 212,360

(1) Our non-United States revenue includes the Netherlands, the country of domicile. Revenue earned in any individual country was not greater than 10% of consolidated revenue for the years presented.

The following tables set forth long-lived assets by geographic area:

	September 30,	June 30,
	2012	2012
Long-lived assets (3):		
Netherlands	\$ 114,174	\$ 109,498
Canada	98,384	98,071
Australia	43,734	42,928
United States	35,843	34,673
Jamaica	27,066	22,614
Bermuda	18,410	17,933
Switzerland	4,487	5,112
India	3,780	1,206
Spain	1,416	1,577
Other	3,299	2,463
Total	\$ 350,593	\$ 336,075

(3) Excludes goodwill of \$141,066 and \$140,429 and deferred tax assets of \$1,204 and \$327 as of September 30, 2012 and June 30, 2012, respectively, and the investment in equity interests of \$13,028 as of September 30, 2012.

10. Commitments and Contingencies

Purchase Obligations

At September 30, 2012, we had unrecorded commitments under contract of \$36,001, which were principally composed of site development and construction for the expansion of our Venlo, the Netherlands manufacturing facility and our Jamaican customer service, sales and design support centers of approximately \$13,688 and \$2,035, respectively, as well as production and computer equipment purchases of approximately \$7,759, and other unrecorded purchase commitments of \$12,519.

Other Obligations

We have an outstanding installment obligation of \$21,600 related to the fiscal 2012 intra-entity transfer of Webs' Intellectual Property, which results in tax being paid over a 7.5 year term and has been classified as a deferred tax liability in our consolidated balance sheet as of September 30, 2012 . In addition, we have a \$5,000 funding obligation associated with our investment in Namex payable on or before October 1, 2013.

Legal Proceedings

We are not currently party to any material legal proceedings. Although we cannot predict with certainty the results of litigation and claims to which we may be subject from time to time, we do not expect the resolution of any of our current matters to have a material adverse impact on our consolidated results of operations, cash flows or financial position. In all cases, at each reporting period, we evaluate whether or not a potential loss amount or a potential range of loss is probable and reasonably estimable under the provisions of the authoritative guidance that addresses accounting for contingencies. We expense the costs relating to our legal proceedings as those costs are incurred.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Report contains forward-looking statements that involve risks and uncertainties. The statements contained in this Report that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including but not limited to our statements about anticipated income and revenue growth rates, future profitability and market share, new and expanded products and services, geographic expansion and planned capital expenditures. Without limiting the foregoing, the words "may," "should," "could," "expect," "plan," "intend," "anticipate," "believe," "estimate," "predict," "designed," "potential," "continue," "target," "seek" and similar expressions are intended to identify forward-looking statements. All forward-looking statements included in this Report are based on information available to us up to, and including the date of this document, and we disclaim any obligation to update any such forward-looking statements. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain important factors, including those set forth in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" and elsewhere in this Report. You should carefully review those factors and also carefully review the risks outlined in other documents that we file from time to time with the United States Securities and Exchange Commission.

Executive Overview

For the three months ended September 30, 2012, we reported revenue of \$251.4 million representing 18% growth over the prior year. Constant-currency revenue growth was 23% for this period. Constant-currency organic revenue growth, which excludes the impact of acquisitions, was 13% for the three months ended September 30, 2012. Our organic constant-currency growth in the first quarter was lower than our recent trend, and reflects a contrast of regional executional performance. North America and Most of World ("MOW") delivered strong growth, but European organic constant-currency growth was just 1% in the quarter, a significant decline as compared to past quarters. Revenue from acquisitions contributed approximately 10% to our overall revenue growth during the period.

Despite the growth in our consolidated revenue, diluted earnings per share ("EPS") for the three months ended September 30, 2012 declined 126% from the same prior year period to a loss of \$0.05. This decline was due to planned investments we made in support of our long-term growth strategy including increased investment levels in our organic business such as advertising and other marketing expenditures in support of new and repeat customer growth, technology and development resources in support of our customer value proposition and manufacturing, and supply chain efficiency efforts. In addition, we continued to invest in our employee base through increased compensation awards and expansion in key departments, including additional resources in our MOW business unit to develop and implement our long-term strategy for emerging markets. Our fiscal 2012 acquisitions continued to be dilutive with share-based compensation and amortization expense totaling \$4.4 million that did not occur during the comparative period.

On July 28, 2011, we introduced five-year organic revenue and EPS targets, along with an evolved financial and investment strategy to achieve our goals. We are in the midst of executing this strategy and believe that by making disciplined but significant investments in fiscal 2012 and 2013, we will be able to achieve high revenue growth rates over the five-year period, despite the recent revenue performance of our European business being lower than anticipated, and position ourselves to deliver longer-term EPS growth and value to our shareholders.

Over the last 16 years, we have grown to become a leader in the large and fragmented market for small business marketing solutions. We have built significant competitive advantages via our marketing approach, proprietary technology, and manufacturing expertise. We have driven strong growth and developed substantial scale advantage by executing on our core strengths in mass customization technologies and by introducing an unmatched breadth of small business marketing products. We believe we are now well positioned to capitalize on our past success in order to capture more of the large market opportunity we see ahead of us. To do so, we have adopted an investment approach designed to support our ability to scale faster and drive significant long-term shareholder returns.

Our long-term goal is to be the leading online provider of micro business marketing solutions for businesses or organizations with fewer than 10 employees. Additionally, we plan to continue to focus on key market

adjacencies where we believe we can drive additional long-term growth by employing our unique business model and customer value proposition. These adjacencies include digital marketing services, new geographic markets, personalized products for home and family usage, and up-market customers.

The strategy for growth in our core micro business marketing opportunity is to make investments and drive success in the following areas:

- *Customer Value Proposition.* We believe our customers currently spend only a small portion of their annual budget for marketing products and services with us. By shifting our success metrics from transactionally focused profit measures to longer-term customer satisfaction and economic measures, we believe we can deliver improvements to our customer experience and value proposition that will significantly increase customer loyalty and lifetime value. Examples of these programs include improving the customer experience on our site, such as ease of use, less cross selling before customers reach the checkout, and expanded customer service.
- *Lifetime Value Based Marketing.* We have traditionally acquired customers by targeting micro businesses who are already shopping online through marketing channels such as search marketing, email marketing, and other online advertising. We believe a significant portion of micro businesses in our core markets do not currently use online providers of marketing services. By investing more deeply into existing marketing channels, as well as opening up new channels such as television broadcast and direct mail, we believe we can drive continued new customer growth and reach offline audiences that are not currently looking to online partners for marketing needs.
- *World Class Manufacturing.* We believe our manufacturing processes are best-in-class when it comes to the printing industry. But when compared to the best manufacturing companies in the world, we believe there is significant opportunity to drive further efficiencies and competitive advantages. By focusing additional top engineering talent on key process approaches, we believe we can make a step-function improvement in product quality and reliability, and significantly lower unit manufacturing costs.

Our strategy to drive longer-term growth by addressing market adjacencies is to develop our business in the following areas:

- *Digital Marketing Services.* We estimate that less than 50% of micro businesses have a website today, but digital marketing services, including websites, email marketing, online search marketing and social media marketing, are a fast-growing part of the small business marketing space. We believe there is great value in helping customers understand the powerful ways in which physical and digital marketing can be combined. Our current digital offering includes websites, email marketing, local search visibility, blogs, search engine optimization, and personalized email domain names. Since we launched digital marketing services in April 2008, our number of unique paying organic digital subscribers has grown to approximately 353,000. In fiscal 2012, we acquired Webs to significantly expand our ability to develop and deliver innovative, customer-focused online marketing solutions. At acquisition, Webs had a base of approximately 100,000 paying customers, as well as millions of non-paying users of its products that has continued to grow.
- *Geographies outside North America and Europe.* For the three months ended September 30, 2012, revenue generated outside of North America and Europe accounted for approximately 7% of our total revenue. We believe that we have significant opportunities to expand our revenue both in the countries we currently serve and in new markets. We intend to further extend our geographic reach by continuing to introduce localized websites in additional countries and languages, expanding our marketing efforts and customer service capabilities, and offering graphic design content, products, payment methodologies and languages specific to local markets. To support our expansion into global emerging markets, during fiscal 2012 we opened offices in Singapore and Mumbai, India and acquired assets of Printbell, an India based printing business. More recently we made an indirect minority investment in a Chinese printing business in July 2012 and completed the launch of our new website and manufacturing facility in India in September 2012.
- *Home and Family.* Although we expect to maintain our primary focus on micro business marketing products and services, we also participate in the market for customized home and family products such as invitations, announcements, calendars, holiday cards, embroidered products, and apparel. We continue to add new products and services targeted at the home and family market. We believe that the economies of

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scale provided by cross sales of these products to our extensive micro business customer base, our large production order volumes and our integrated design and production software and facilities support and will continue to support our effort to profitably grow our home and family business. During fiscal 2012, we acquired Albumprinter, a leading provider of photo books and other photo products to the home and family market in Europe, and launched a strategic partnership with Nickelodeon to offer licensed character content to Vistaprint customers.

- *Up-market Customers.* We serve customers across the spectrum of micro businesses with fewer than 10 employees, but our strength has traditionally been in the smallest and most price sensitive of these customers. In comparison to our customer base, which is concentrated in businesses with 2 or fewer employees, the micro businesses in the “up-market” portion of this spectrum tend to have more sophisticated marketing needs and typically spend more per year on their marketing activities. We believe that as we continue to research customer needs and make customer value proposition improvements for our traditional core customer base, we will develop a stronger ability to focus on “up-market” small business customers. We expect this adjacency can serve as a driver of growth in future years.

Results of Operations

The following table presents our historical operating results for the periods indicated as a percentage of revenue:

	Three Months Ended September 30,	
	2012	2011
As a percentage of revenue:		
Revenue	100.0 %	100.0%
Cost of revenue	35.0 %	36.8%
Technology and development expense	15.0 %	12.6%
Marketing and selling expense	39.8 %	35.9%
General and administrative expense	10.1 %	10.1%
Income from operations	0.1 %	4.6%
Interest income	— %	—%
Other (expense) income, net	(0.2)%	0.2%
Interest expense	0.5 %	—%
(Loss) income before income taxes and (loss) earnings in equity interests	(0.6)%	4.8%
Income tax provision (benefit)	0.1 %	1.0%
(Loss) earnings in equity interests	— %	—%
Net (loss) income	(0.7)%	3.8%

In thousands

	Three Months Ended September 30,		
	2012	2011	2012 vs. 2011
Revenue	\$ 251,416	\$ 212,360	18%

Revenue

We generate revenue primarily from the sale and shipping of customized manufactured products, and the provision of digital services, website design and hosting, email marketing services as well as a small percentage from order referral fees and other third-party offerings.

We seek to increase our revenue by increasing the number of customers who purchase from us (“unique active customers”), as well as the amount our customers spend on our offerings (“average bookings per unique active customer”). We use the combination of unique active customers and average bookings per unique active customer to describe our revenue performance as this approach is aligned with the way we manage our business and our efforts to increase our revenue. We believe that metrics relating to our unique active customers and average bookings per unique active customer offer shareholders a useful means of assessing our execution against our strategy. Because changes in one of these metrics may be offset by changes in the other metric, no single

factor is determinative of our revenue and profitability trends, and we assess them together to understand their overall impact on revenue and profitability. A number of factors influence our ability to drive increases in these metrics:

- Unique active customers.* The unique active customer count is the number of individual customers who purchased from us in a given period, with no regard to the frequency of purchase. For example, if a single customer makes two distinct purchases within a twelve-month period, that customer is tallied only once in the unique active customer count. We determine the uniqueness of a customer by looking at certain customer data. Unique active customers are driven by both the number of new customers we acquire, as well as our ability to retain customers after their first purchase. During our early growth phase, we focused more resources on the acquisition of new customers through the value of our offering and our broad-based marketing efforts targeted at the mass market for micro business customers. As we have grown larger, our acquisition focus has been supplemented with expanded retention efforts, such as email offers, customer service, and expanding our product offering. Our unique active customer count has grown significantly over the years, and we expect it will continue to grow as we see additional opportunity to drive both new customer acquisitions as well as increased retention rates. A retained customer is any unique customer in a specific period who has also purchased in any prior period.
- Average bookings per unique active customer.* Average bookings per unique active customer is total bookings, which represents the value of total customer orders received on our websites, for a given period of time divided by the total number of unique active customers who purchased during that same period of time. We seek to increase average bookings per unique active customer as a means of increasing revenue. Average bookings per unique active customer are influenced by the frequency that a customer purchases from us, the number of products and feature upgrades a customer purchases in a given period, as well as the mix of tenured customers versus new customers within the unique active customer count, as tenured customers tend to purchase more than new customers. Average bookings per unique active customer have grown over a multi-year period, though they do sometimes fluctuate from one quarter to the next depending upon the type of products we promote during a period and promotional discounts we offer. For example, among other things, seasonal product offerings, such as holiday cards, can cause changes in bookings per customer in our second fiscal quarter ended December 31.

Revenue for the three months ended September 30, 2012 increased 18% to \$251.4 million compared to the three months ended September 30, 2011 due to increases in sales across our product and service offerings in our organic North America and Most of World reporting segments, as well as revenue from the Albumprinter and Webs businesses which we acquired in the second quarter of fiscal 2012 and are not included in the prior year period results. Our organic European business experienced difficulty in executing its growth strategy and contributed an increase of only 1% to constant-currency revenue in the period. We expect our European revenue growth rate to increase for the remainder of fiscal 2013 as compared to the current quarter; however, we expect that growth rate will be less than historical trends. The stronger U.S. dollar negatively impacted our revenue growth by an estimated 50 basis points in the three months ended September 30, 2012, as compared to the prior year period.

In addition to the drivers of our quarterly revenue performance, we monitor unique active customers and average bookings per unique active customer on a trailing twelve-month basis. The overall growth during this period was driven by increases in the number of unique active customers, which grew by 25% to approximately 14.9 million. New customer additions and repeat customers both contributed to the increased order volume, which outweighed the decrease in our average order booking per unique active customer. The following table summarizes our operational revenue metrics, excluding acquisitions, for the three months ended September 30, 2012 and 2011:

	TTM Ended September 30,		
	2012	2011	% Increase/(Decrease)
Unique active customers	14.9 million	11.9 million	25 %
<i>New customers</i>	9.7	7.7	26 %
<i>Retained customers</i>	5.2	4.2	24 %
Average bookings per unique active customer	\$ 67	\$ 73	(8)%
<i>New customers</i>	\$ 50	\$ 55	(9)%
<i>Retained customers</i>	\$ 99	\$ 102	(3)%

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Total revenue by geographic segment for the three months ended September 30, 2012 and 2011 is shown in the following table:

In thousands

	Three Months Ended September 30,		%	Currency Impact:	Constant- Currency Revenue Growth (1)	Impact of Acquisitions:	Constant- Currency Organic Revenue Growth (1)
	2012	2011					
North America	\$ 144,237	\$ 118,691	22%	—%	22%	(3)%	19%
Europe	89,714	79,979	12%	11%	23%	(22)%	1%
Most of World	17,465	13,690	28%	1%	29%	—%	29%
Total revenue	\$ 251,416	\$ 212,360	18%	5%	23%	(10)%	13%

(1) Constant-currency revenue growth, a non-GAAP financial measure, represents the change in total revenue between current and prior year periods at constant-currency exchange rates by translating all non-U.S. dollar denominated revenue generated in the current period using the prior year period's average exchange rate for each currency to the U.S. dollar. Constant-currency organic revenue growth also excludes the impact of revenue from acquisitions. We have provided these non-GAAP financial measures because we believe they provide meaningful information regarding our results on a consistent and comparable basis for the periods presented. Management uses these non-GAAP financial measures, in addition to GAAP financial measures, to evaluate our operating results. These non-GAAP financial measures should be considered supplemental to and not a substitute for our reported financial results prepared in accordance with GAAP.

The following table summarizes our comparative operating expenses for the period:

In thousands

	Three Months Ended September 30,		2012 vs. 2011
	2012	2011	
Cost of revenue	\$ 88,027	\$ 78,064	13%
<i>% of revenue</i>	35.0%	36.8%	
Technology and development expense	\$ 37,657	\$ 26,674	41%
<i>% of revenue</i>	15.0%	12.6%	
Marketing and selling expense	\$ 99,997	\$ 76,344	31%
<i>% of revenue</i>	39.8%	35.9%	
General and administrative expense	\$ 25,501	\$ 21,532	18%
<i>% of revenue</i>	10.1%	10.1%	

Cost of revenue

Cost of revenue includes materials used to manufacture our products, payroll and related expenses for production personnel, depreciation of assets used in the production process and in support of digital marketing service offerings, shipping, handling and processing costs, third-party production costs, production of costs of free products and other related costs of products sold by us.

The increase in cost of revenue from the comparative period in 2011 to the three months ended September 30, 2012 was primarily attributable to the increased volume of product shipments during the current year period, including those from Albumprinter. The decrease in the cost of revenue, as a percentage of total revenue, from the three months ended September 30, 2011 to 2012 is due to improved overhead absorption as a result of higher product sales, increased labor and production efficiency, and improvements in our materials sourcing, offset by higher materials costs for upgraded substrates in line with our strategy. In addition, the decrease in cost of revenue, as a percentage of total revenue, includes a benefit from a non-cash gain recognized in the current quarter related to a free piece of equipment.

Technology and development expense

Technology and development expense consists primarily of payroll and related expenses for our employees engaged in software and manufacturing engineering, information technology operations, content development, amortization of capitalized software, website development costs and certain acquired intangible assets, including developed technology, hosting of our websites, asset depreciation, patent amortization, legal settlements in

connection with patent-related claims, and other technology infrastructure-related costs. Depreciation expense for information technology equipment that directly supports the delivery of our digital marketing services products is included in cost of revenue.

The growth in our technology and development expenses of \$11.0 million for the three months ended September 30, 2012 was primarily due to increased payroll and facility-related costs and share-based compensation of \$7.8 million and \$1.4 million, respectively, associated with increased headcount in our technology development and information technology support organizations, an integral part of our long-term growth strategy. At September 30, 2012, we employed 707 employees in these organizations compared to 475 employees at September 30, 2011. In addition, other technology and development expenses increased \$0.9 million as compared to the prior comparative period due to increased employee travel and training costs, recruitment costs and increased depreciation, hosting services and other costs related to continued investment in our website infrastructure. The three months ended September 30, 2012 includes \$0.9 million of amortization of certain acquired intangible assets related to the acquisitions of Albumprinter and Webs in fiscal 2012.

Marketing and selling expense

Marketing and selling expense consists primarily of advertising and promotional costs; payroll and related expenses for our employees engaged in marketing, sales, customer support and public relations activities; amortization of certain acquired intangible assets, including customer relationships and trade names; and third-party payment processing fees.

The increase in our marketing and selling expenses of \$23.7 million for the three months ended September 30, 2012 as compared to the prior 2011 period was driven primarily by increases of \$13.7 million in advertising costs and commissions related to new customer acquisition and costs of promotions targeted at our existing customer base, an integral component of our long-term growth strategy, as well as increases in payroll and facility-related costs of \$6.7 million and increases in share-based compensation costs of \$1.0 million. We continued to expand our marketing organization and our customer service, sales and design support centers and at September 30, 2012, we employed 1,632 employees in these organizations compared to 1,223 employees at September 30, 2011. Other marketing and selling expenses also increased by \$1.0 million due to increased depreciation costs, employee travel and training costs, and professional fees. Furthermore, the three months ended September 30, 2012 includes \$1.3 million of amortization of acquired customer and brand name intangible assets related to the acquisitions of Albumprinter and Webs in fiscal 2012.

General and administrative expense

General and administrative expense consists primarily of general corporate costs, including third-party professional fees, insurance and payroll and related expenses of employees involved in executive management, finance, legal, and human resources.

The increase in our general and administrative expenses of \$4.0 million for the three months ended September 30, 2012 was primarily due to increased payroll and facility-related costs of \$2.9 million, which is inclusive of \$1.1 million of increased share-based compensation expense, as a result of our continued investment in our executive management, finance, legal and human resource organizations to support our expansion. At September 30, 2012, we employed 384 employees in these organizations compared to 283 employees at September 30, 2011. Other general and administrative expenses also increased by \$1.1 million due to increased employee travel and training costs and professional fees.

Other (expense) income, net

Other (expense) income, net, primarily consists of gains and losses from currency exchange rate fluctuations on transactions or balances denominated in currencies other than the functional currency of our subsidiaries. Foreign currency transaction activity for the three months ended September 30, 2012 and 2011, were \$0.5 million of losses and \$0.5 million of gains, respectively.

Interest expense

Interest expense, which consists of interest paid to financial institutions on outstanding balances on our credit facilities, was \$1.2 million for the three months ended September 30, 2012. We did not incur any interest

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expense for the comparative prior year period. The increase in interest expense in the current period as compared to prior period is a result of borrowings under our revolving credit facility executed in October 2011.

Income tax provision

	Three Months Ended September 30,	
	2012	2011
Income tax provision	\$ 134	\$ 2,107
<i>Effective tax rate</i>	(9.3)%	20.5%

Income tax expense decreased to \$0.1 million for the three months ended September 30, 2012 as compared to \$2.1 million for the prior year period. The change in the income tax expense for the three months ended September 30, 2012 as compared to the same prior year period is primarily attributable to the timing of our pre-tax earnings for the three months ended September 30, 2012 relative to our full year forecasted pre-tax earnings. By comparison, a larger percentage of pre-tax earnings were realized in the three months ended September 30, 2011 relative to the full year earnings, thus resulting in a higher tax expense in the same prior period.

The change in the effective tax rate from the same prior year period is largely due to the timing of our pre-tax earnings to date relative to our full year forecasted pre-tax earnings and to the growth in our operating expenses, which form the basis upon which our transfer pricing agreements determine pre-tax profits and related income tax expense for most of our subsidiaries. The intercompany services and related agreements among Vistaprint N.V. and its subsidiaries ensure that most of our subsidiaries realize profits based on their operating expenses, which results in taxable profits regardless of the level of consolidated pre-tax income or loss. Since our income tax expense is mainly a function of our operating expenses and cost-based transfer pricing methodologies and not a function of our consolidated pre-tax income, our effective tax rate will typically vary inversely to changes in our consolidated pre-tax income.

We are currently under income tax audits in various jurisdictions. We believe that our income tax reserves associated with these matters are adequate as the positions reported on our tax returns will be sustained on their technical merits. However, final resolution is uncertain and there is a possibility that final resolution could have a material impact on our financial condition, results of operations or cash flows. See Note 7 in our accompanying financial statements for additional discussion.

(Loss) earnings in Equity Interest

During the three months ended September 30, 2012, we made an indirect investment in a Chinese printing business for a 34.5% proportionate ownership. Our share of the loss for the three months ended September 30, 2012 was \$0.1 million. See Note 8 in our accompanying financial statements for additional discussion.

Liquidity and Capital Resources

Consolidated Statements of Cash Flows Data:

In thousands

	Three Months Ended September 30,	
	2012	2011
Cash flows provided by operating activities	\$ 6,650	\$ 30,541
Cash flows used in investing activities	(39,972)	(12,240)
Net cash provided by (used in) financing activities	29,750	(91,960)

At September 30, 2012, we had \$59.3 million of cash and cash equivalents and \$259.3 million of long-term debt. Cash and cash equivalents decreased \$2.9 million during the three months ended September 30, 2012. The cash flows during three months ended September 30, 2012 related primarily to the following items:

Cash inflows:

- Positive adjustments to accrual based net loss for non-cash items of \$20.8 million primarily related to depreciation and amortization of \$14.7 million and share-based compensation costs of \$8.3 million; and

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- Proceeds from borrowing of long-term debt of \$39.2 million .

Cash outflows:

- Net loss of \$1.7 million;
- Decrease from changes in working capital balances of \$12.5 million ;
- Capital expenditures of \$27.8 million of which \$15.6 million were related to the purchase of land and facilities, \$6.2 million were related to the purchase of manufacturing and automation equipment for our production facilities, and \$6.0 million were related to purchases of other assets, including information technology infrastructure and office equipment;
- Internal costs for software and website development that we have capitalized of \$1.3 million ;
- Investments in equity interests of \$12.7 million;
- Repayments of long-term debt of \$9.0 million ; and
- Payments of the minimum withholding taxes related to shares withheld on vested restricted share units of \$1.2 million.

Additional Liquidity and Capital Resources Information. During the three months ended September 30, 2012, we financed our operations primarily through internally generated cash flows from operations and utilized borrowings of long-term debt to fund strategic investments in capital expenditures and equity investments. Due to our recent investments, our current liabilities now exceed our current assets; however, we believe that our available cash, cash flows generated from operations, and our debt financing capacity will be sufficient to satisfy our working capital and planned investments to support our long-term growth strategy, including capital expenditure requirements, for the foreseeable future. We currently plan to invest approximately \$80 million to \$95 million on total capital expenditures in fiscal 2013, which represents a substantial increase from fiscal 2012, primarily due to the expansion of our manufacturing capacity in Europe and India, and the purchase of other IT and manufacturing equipment required to support our long-term growth strategy.

Long-term Debt. On October 21, 2011, we entered into a senior credit agreement with a syndicate of lenders led by JPMorgan Chase Bank, N.A., as administrative agent, that provides for an unsecured revolving credit facility of up to \$250.0 million in aggregate loan commitments, with letter of credit and swing line loan sublimits of \$25.0 million each. On April 13, 2012, we increased the aggregate loan commitments under the credit agreement by \$137.5 million, to a total of \$387.5 million, by adding new lenders and increasing the commitments of several existing lenders. We may from time to time, so long as no default or event of default has occurred and is continuing, further increase the loan commitments under the credit agreement by up to \$150.0 million by adding new commitments or increasing the commitment of willing lenders. The maturity date of the credit agreement is October 21, 2016. In order to mitigate our exposure to interest rate variability, in July 2012 we began executing interest rate swap contracts to fix our interest payments on \$100.0 million of our outstanding debt with varying maturities.

In the next twelve months we may use, as needed, our revolving credit facility or additional sources of borrowings in order to fund our ongoing operations, repurchase our shares, or support our long-term growth. We have other financial obligations that constitute additional indebtedness based on the definitions within the credit facility. The amount available for borrowing under our credit facility as of September 30, 2012 is as follows:

	<u>September 30, 2012</u>
Maximum aggregate available borrowing amounts	\$ 387,500
Outstanding borrowings of credit facility	(259,314)
Remaining amount	128,186
Limitations to borrowing due to debt covenants and other obligations (1)	(39,859)
Amount available for borrowing as of September 30, 2012	<u>\$ 88,327</u>

(1) Our borrowing ability can be limited by our debt covenants each quarter. These covenants may limit our borrowing capacity depending on our leverage, other indebtedness, such as installment obligations and letters of credit, and other factors that are outlined in the credit

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agreement filed as an exhibit in our Form 8-K filed on October 26, 2011.

Debt Covenants. Our credit agreement contains financial and other covenants, including but not limited to (1) limitations on our incurrence of additional indebtedness and liens, the consummation of certain fundamental organizational changes or intercompany activities, investments and restricted payments including purchases of our ordinary shares or payments of dividends, and the amount of consolidated capital expenditures that we may make in each of our fiscal years ending June 30, 2012 through 2016 and (2) financial covenants that our:

- consolidated leverage ratio, which is the ratio of our consolidated indebtedness (*) to our trailing twelve-month, or TTM, consolidated EBITDA (*), will not exceed 3.5;
- consolidated senior leverage ratio, which is the ratio of our consolidated indebtedness that is not subordinated to our indebtedness under the credit agreement to our TTM consolidated EBITDA, will not exceed 2.75; and
- interest coverage ratio, which is the ratio of our TTM consolidated EBITDA to our TTM consolidated interest expense, will be at least 3.0.

At September 30, 2012, we were in compliance with all financial and other covenants under the credit agreement in effect at that time.

(*) The definitions of EBITDA and consolidated indebtedness are maintained in the credit agreement filed as an exhibit to Form 8-K on October 26, 2011.

Contractual Obligations

Contractual obligations at September 30, 2012 are as follows:

In thousands

	Payments Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Operating lease obligations	\$ 49,003	\$ 11,186	\$ 20,090	\$ 15,110	\$ 2,617
Purchase obligations	36,001	36,001	—	—	—
Long-term debt obligations	277,706	4,532	4,532	268,642	—
Other obligations	26,612	3,184	11,482	6,637	5,309
Total (1)	\$ 389,322	\$ 54,903	\$ 36,104	\$ 290,389	\$ 7,926

(1) We may be required to make cash outlays related to our unrecognized tax benefits. However, due to the uncertainty of the timing of future cash flows associated with our unrecognized tax benefits, we are unable to make reasonably reliable estimates of the period of cash settlement, if any, with the respective taxing authorities. Accordingly, unrecognized tax benefits of \$6.0 million as of September 30, 2012 have been excluded from the contractual obligations table above. For further information on unrecognized tax benefits, see Note 7 to the accompanying condensed consolidated financial statements.

Operating Leases. We rent office space under operating leases expiring on various dates through 2018. Future rental payments required under our leases are an aggregate of approximately \$49.0 million. The terms of certain lease agreements require security deposits in the form of bank guarantees and a letter of credit in the amount of \$1.2 million and \$0.4 million, respectively.

Purchase Obligations. At September 30, 2012, we had unrecorded commitments under contract of \$36.0 million, which were principally composed of the site development and construction for the expansion of our Venlo, the Netherlands manufacturing facility and our Jamaican customer service, sales and design support centers of approximately \$13.7 million and \$2.0 million, respectively, as well as production and computer equipment purchases of approximately \$7.8 million, and other unrecorded purchase commitments of \$12.5 million.

Long-Term Debt. Amounts outstanding are due at maturity of our credit facility on October 21, 2016. Interest payable included in this table is based on the interest rate as of September 30, 2012 and assumes all amounts outstanding will not be paid until maturity.

Other Obligations. Includes an installment obligation of \$21.6 million related to the fiscal 2012 intra-entity

transfer of Webs' Intellectual Property, which results in tax being paid over a 7.5 year term and has been classified as a deferred tax liability in our condensed consolidated balance sheet as of September 30, 2012. Also included is a \$5.0 million additional funding obligation due to our investment in Namex which is payable on or before October 1, 2013.

Recently Issued or Adopted Accounting Pronouncements

None.

Critical Accounting Policies and Estimates

Our financial statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). To apply these principles, we must make estimates and judgments that affect our reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. In some instances, we reasonably could have used different accounting estimates and, in other instances, changes in the accounting estimates are reasonably likely to occur from period to period. Accordingly, actual results could differ significantly from our estimates. We base our estimates and judgments on historical experience and other assumptions that we believe to be reasonable at the time under the circumstances, and we evaluate these estimates and judgments on an ongoing basis. We refer to accounting estimates and judgments of this type as critical accounting policies and estimates. As of July 1, 2012, we revised the estimated useful life of our capitalized software and website development costs from two to three years based on an evaluation of historical trends, the period of benefit of past projects, and our current project portfolio. This change in estimate reduced our net loss for the three months ended September 30, 2012 by approximately \$690.0 when compared to the historical estimated useful life and could have a material impact in the future. Other than this change, management believes there have been no material changes during the three months ended September 30, 2012 to the critical accounting policies reported in the Management's Discussion and Analysis of Financial Condition and Results of Operations section of our Annual Report on Form 10-K filed with the Securities and Exchange Commission on August 15, 2012.

Item 3. *Quantitative and Qualitative Disclosures About Market Risk*

Interest Rate Risk. Our exposure to interest rate risk relates primarily to our cash, cash equivalents and long-term debt. As of September 30, 2012, our cash and cash equivalents consisted of standard depository accounts which are held for working capital purposes. Due to the nature of our investments, we do not believe we have a material exposure to interest rate fluctuations.

As of September 30, 2012, we have \$259.3 million of total U.S. dollar and Euro denominated variable rate long-term debt. As a result, we have exposure to market risk for changes in interest rates related to these obligations. A hypothetical 100 basis point increase in rates would result in an annual increase of interest expense of approximately \$1.9 million. In order to mitigate this exposure related to hypothetical interest rate changes, we began to execute interest rate swap contracts in July 2012 to fix the interest rate on \$100.0 million of our outstanding long-term debt with varying maturities. The impact of these contracts has been factored into the assessment of the interest rate risk associated with our long-term debt.

Currency Exchange Rate Risk. We conduct business in multiple currencies through our worldwide operations but report our financial results in U.S. dollars. Therefore, we are affected by fluctuations in exchange rates of such currencies versus the U.S. dollar as follows:

- *Translation of our non-U.S. dollar revenues and expenses:* Revenue and related expenses generated in currencies other than the U.S. dollar could result in higher or lower net income when, upon consolidation, those transactions are translated to U.S. dollars. When the value or timing of revenue and expenses in a given currency are materially different, we may be exposed to significant impacts on our net income.
- *Remeasurement of monetary assets and liabilities:* Transaction gains and losses generated from remeasurement of monetary assets and liabilities denominated in currencies other than the functional currency of a subsidiary are included in other income (expense), net on the consolidated statements of income. Our subsidiaries have intercompany accounts that are eliminated in consolidation and cash and cash equivalents denominated in various currencies that expose us to fluctuations in currency exchange rates. A hypothetical 10% change in currency exchange rates was applied to total net monetary assets denominated in currencies other than the functional currencies at the balance sheet dates to compute the

impact these changes would have had on our income before taxes in the near term. A hypothetical decrease in exchange rates of 10% against the functional currency of our subsidiaries would have resulted in an increase of \$2.3 million and \$1.6 million on our income before taxes for the three months ended September 30, 2012 and 2011, respectively. Additionally, some of our subsidiaries prepare tax returns in currencies other than their functional currency. In such cases, we are exposed to transaction gains or losses for tax purposes that are different than those recorded in other income (expense), net and could result in a significant tax benefit or loss.

- *Translation of our non-U.S. dollar assets and liabilities* : Each of our subsidiaries translates its assets and liabilities to U.S. dollars at current rates of exchange in effect at the balance sheet date. The resulting gains and losses from translation are included as a component of accumulated other comprehensive (loss) income on the consolidated balance sheet. Fluctuations in exchange rates can materially impact the carrying value of our assets and liabilities.

Foreign currency transaction gains (losses) included in other (expense) income, net for the three months ended September 30, 2012 and 2011, were \$0.5 million of losses and \$0.5 million of gains, respectively.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and our chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2012. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Securities Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Securities Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of September 30, 2012, our chief executive officer and chief financial officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

During the three months ended September 30, 2012, we implemented a process and internal controls related to accounting for derivative instruments including hedge documentation, initial and ongoing hedge effectiveness testing, and the valuation of our outstanding derivative instruments. While the activity during the period was not material, values and the volumes or types of derivative instruments that we enter into may increase in the future. There were no other changes in our internal control over financial reporting during the fiscal quarter ended September 30, 2012 that materially affect, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1A. Risk Factors

We caution that our future results may vary materially from those contained in forward-looking statements that we make in this Report and other filings with the SEC, press releases, communications with investors and oral statements due to the following important factors, among others. Our forward-looking statements in this Report and in any other public statements we make may turn out to be wrong. These statements can be affected by, among other things, inaccurate assumptions we might make or by known or unknown risks and uncertainties or risks we currently deem immaterial. Many factors mentioned in the discussion below will be important in determining future results. Consequently, no forward-looking statement can be guaranteed. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Risks Related to Our Business

If we are unable to attract customers in a cost-effective manner, our business and results of operations could be harmed.

Our success depends on our ability to attract customers in a cost-effective manner. We rely on a variety of methods to draw visitors to our websites and promote our products and services, such as purchased search results from online search engines, e-mail, direct mail, advertising banners and other online links, broadcast media, and word-of-mouth customer referrals. If we are unable to develop or maintain effective means of reaching micro businesses and home and family customers, if the costs of attracting customers using these methods significantly increase, or if we are unable to develop new cost-effective means to obtain customers, then traffic to our websites would be reduced, and our business and results of operations would be harmed.

Purchasers of micro business marketing products and services, including graphic design and customized printing, may not choose to shop online, which would prevent us from acquiring new customers that are necessary to the success of our business.

The online market for micro business marketing products and services is less developed than the online market for other business and home and family products, and our success depends in part on our ability to attract customers who have historically purchased products and services we offer through offline channels. Specific factors that could prevent prospective customers from purchasing from us as an online retailer include:

- concerns about buying graphic design services and marketing products without face-to-face interaction with sales personnel;
- the inability to physically handle and examine product samples;
- delivery time associated with Internet orders;
- concerns about the security of online transactions and the privacy of personal information;
- delayed shipments or shipments of incorrect or damaged products; and
- the inconvenience associated with returning or exchanging purchased items.

If our long-term growth strategy is not successful or if our financial projections relating to the effects of our strategy turn out to be incorrect, our business and financial results could be harmed.

We may not achieve the objectives of the long-term investment and financial strategy we originally announced in July 2011, our associated financial projections relating to the growth of our business over the next five years may turn out to be incorrect, and our investments in our business may fail to affect our revenue or EPS growth as anticipated. Some of the factors that could cause our investment strategy and our overall business strategy to fail to achieve our objectives include, among others:

- our failure to adequately execute our operational strategy or anticipate and overcome obstacles to achieving our strategic goals;
- our failure to make our intended investments because the investments are more costly than we expected or because we are unable to devote the necessary operational and financial resources;
- our inability to purchase or develop technologies and production platforms to increase our efficiency, enhance our competitive advantage and scale our operations;
- the failure of our current supply chain to provide the resources we need and our inability to develop new or enhanced supply chains;
- our failure to acquire new customers and enter new markets, retain our current customers, and sell more products to current and new customers;
- our failure to identify and address the causes of our revenue weakness in Europe;
- our failure to promote, strengthen, and protect our brands;
- the failure of our current and new marketing channels to attract customers;
- our failure to manage the growth and complexity of our business and expand our operations;
- our failure to realize our net income margin goals due to higher than expected costs or taxes;
- our failure to acquire businesses that enhance the growth and development of our business or to effectively integrate the businesses we do acquire into our business;
- unanticipated changes in our business, current and anticipated markets, industry, or competitive landscape; and
- general economic conditions.

In addition, projections are inherently uncertain and are based on assumptions and judgments by management that may be flawed or based on information about our business and markets that may change in the future in ways that may be beyond our control. Our actual results may differ materially from our projections due to various factors, including but not limited to the factors listed immediately above; currency exchange fluctuations, which may affect our revenues and costs; changes in the laws and regulations or in the interpretations of laws and regulations to which we are subject, including tax laws, or the institution of new laws or regulations that affect our business; costs and judgments resulting from litigation; and costs and disruptions caused by acquisitions.

If our strategy is not successful, or if there is a market perception that our strategy is not successful, then our revenue and earnings may not grow as anticipated or may decline, we may not be profitable, our reputation and brand may be damaged, and the price of our shares may decline. In addition, we may change our financial strategy or other components of our overall business strategy if we believe our current strategy is not effective, if our business or markets change, or for other reasons, which may cause fluctuations in our financial results and volatility in our share price.

We may not succeed in promoting and strengthening our brands, which could prevent us from acquiring new customers and increasing revenues.

A primary component of our business strategy is to promote and strengthen the Vistaprint brand and the brands of our acquired companies in order to attract new and repeat customers to our websites. In addition to the challenges of establishing and promoting our brands among the many businesses that promote products and services on the Internet, we face significant competition from other companies in the various markets we serve who also seek to establish strong brands. To promote our brands, we have incurred and will continue to incur substantial expenses related to advertising and other marketing efforts, but we cannot be sure that these investments will be profitable. If we are unable to successfully promote our brands, we may fail to attract new customers, maintain customer relationships, and increase our revenues.

A component of our brand promotion strategy is establishing a relationship of trust with our customers by providing a high-quality customer experience, which requires us to invest substantial amounts of resources in our website development, design and technology, graphic design operations, production operations, and customer service operations. Our ability to provide a high-quality customer experience is also dependent on external factors over which we may have little or no control, including the reliability and performance of our suppliers, third-party carriers and communication infrastructure providers. If we are unable to provide customers with a high-quality customer experience for any reason, our reputation and brands would be harmed.

Our quarterly financial results will often fluctuate, which may lead to volatility in our share price.

Our revenues and operating results often vary significantly from quarter-to-quarter due to a number of factors, some of which are inherent in our business strategies but many of which are outside of our control. We target annual, rather than quarterly, EPS objectives, which can lead to fluctuations in our quarterly results. Other factors that could cause our quarterly revenue and operating results to fluctuate or result in earnings that are lower than our guidance, or both, include among others:

- seasonality-driven or other variations in the demand for our products and services;
- currency and interest rate fluctuations, which affect our revenues and costs;
- our ability to attract visitors to our websites and convert those visitors into customers;
- our ability to retain customers and generate repeat purchases;
- business and home and family preferences for our products and services;
- shifts in product mix toward less profitable products;
- our ability to manage our production, fulfillment and support operations;
- costs to produce and deliver our products and provide our services, including the effects of inflation;
- our pricing and marketing strategies and those of our competitors;
- investments in our business to generate or support revenues and operations in future periods, such as incurring marketing, engineering or consulting expenses in a current period for revenue growth or support in future periods;
- compensation expense and charges related to agreements entered into with our executives and employees;
- costs and charges resulting from litigation;
- a significant increase in credits, beyond our estimated allowances, for customers who are not satisfied with our products;
- changes in our income tax rate;
- costs to acquire businesses or integrate acquired businesses, such as our costs relating to the acquisitions of Albumprinter and Webs; and
- impairments of our tangible and intangible assets including goodwill.

We base our operating expense budgets in part on expected revenue trends. A portion of our expenses, such as office leases, depreciation, and personnel costs, are relatively fixed, and we may be unable to adjust spending quickly enough to offset any revenue shortfall. Accordingly, any shortfall in revenue may cause significant variation in operating results in any quarter. Based on the above factors, among others, we believe that quarter-to-quarter comparisons of our operating results may not be a good indication of our future performance. Our operating

results may sometimes be below the expectations of public market analysts and investors, in which case the price of our ordinary shares will likely fall.

Seasonal fluctuations in our business place a strain on our operations and resources.

Our second fiscal quarter includes the majority of the holiday shopping season and in each of the last three fiscal years has accounted for more of our revenue and earnings than any other quarter, primarily due to higher sales of home and family products such as holiday cards, calendars, photo books, and personalized gifts. We believe our second fiscal quarter is likely to continue to account for a disproportionate amount of our revenue and earnings for the foreseeable future. In anticipation of increased sales activity during our second fiscal quarter holiday season, we typically incur significant additional capacity related expenses each year to meet our seasonal needs, including facility expansions, equipment purchases and increases in the number of temporary and permanent employees. Lower than expected sales during the second quarter would likely have a disproportionately large impact on our operating results and financial condition for the full fiscal year. If we are unable to accurately forecast and respond to seasonality in our business, our business and results of operations may be materially harmed.

A significant portion of our revenues and expenses are transacted in currencies other than the U.S. dollar, our reporting currency. We therefore have currency exchange risk.

We are exposed to fluctuations in currency exchange rates that may impact items such as the translation of our revenues and expenses, remeasurement of our intercompany balances, and the value of our cash and cash equivalents denominated in currencies other than the U.S. dollar. For example, when currency exchange movements are unfavorable to our business, the U.S. dollar equivalent of our revenue and operating income recorded in other currencies is diminished, particularly in certain currencies where we have disproportionate revenues or expenses. As we have expanded and continue to expand our revenues and operations throughout the world and to additional currencies, our exposure to currency exchange rate fluctuations has increased and we expect will continue to increase. Additionally, our income tax rate may be impacted by fluctuations in currency exchange rates in jurisdictions where our tax returns are prepared in a currency other than the functional currency. Our revenue and results of operations may differ materially from expectations as a result of currency exchange rate fluctuations.

Our global operations and expansion place a significant strain on our management, employees, facilities and other resources and subject us to additional risks.

We are growing rapidly. We currently operate production facilities or offices in 14 countries and have approximately 30 localized websites to serve various geographic markets. We expect to establish operations and sell our products and services in additional geographic regions, including emerging markets, where we may have limited or no experience. We are subject to a number of risks and challenges that relate to our global operations and expansion, including, among others:

- difficulty managing operations in, and communications among, multiple locations and time zones;
- difficulty complying with multiple tax laws, treaties, and regulations and limiting our exposure to onerous or unanticipated taxes, duties, and other costs;
- local regulations that may restrict or impair our ability to conduct our business as planned;
- protectionist laws and business practices that favor local producers and service providers;
- our inexperience in marketing and selling our products and services within unfamiliar countries and cultures;
- our failure to properly understand and develop graphic design content and product formats appropriate for local tastes;
- disruptions caused by political and social instability that may occur in some countries;
- corrupt business practices, such as bribery, that may be common in some countries;

- difficulty expatriating our earnings from some countries;
- disruptions or cessation of important components of our international supply chain;
- the challenge of complying with disparate laws in multiple countries;
- restrictions imposed by local labor practices and laws on our business and operations; and
- failure of local laws to provide a sufficient degree of protection against infringement of our intellectual property.

To manage our operations and anticipated growth, we must continue to refine our operational, financial, and management controls, human resource policies, reporting systems, and procedures in the locations in which we operate. If we are unable to implement improvements to our management information and control systems in an efficient or timely manner or if we discover deficiencies in our existing systems and controls, then our ability to provide a high-quality customer experience could be harmed, which would damage our reputation and brands and substantially harm our business and results of operations.

Acquisitions may be disruptive to our business.

A component of our strategy is to selectively pursue acquisitions of businesses, technologies, or services, and accordingly we completed the acquisitions of Albumprinter in October 2011 and Webs in December 2011 and may make other acquisitions in the future. Integrating newly acquired businesses, technologies and services is complex, expensive, time consuming and subject to many risks, including the following:

- We may not be able to retain customers and key employees of the acquired businesses, and we and the acquired businesses may not be able to cross sell products and services to each other's customers.
- In some cases, our acquisitions are dilutive for a period of time, leading to reduced earnings.
- An acquisition may fail to achieve our goals and expectations for the acquired business because we fail to integrate the acquired business, technologies, or services effectively, the integration is more expensive or takes more time than we anticipated, or the acquired business does not perform as well as we expected.
- Acquisitions can result in large write-offs including impairments of goodwill and intangible assets, assumptions of contingent or unanticipated liabilities, or increased tax costs.

In addition, to finance our recent acquisitions, we borrowed additional amounts under our credit facility, and we may need to raise additional funds for any future acquisitions. Financing may not be available on terms that are favorable to us, or at all, and can cause dilution to our shareholders or subject us to covenants restricting the activities we may undertake. The time and expense associated with finding suitable and compatible businesses, technologies or services to acquire could also disrupt our ongoing business and divert our management's attention.

We face risks related to interruption of our operations and lack of redundancy.

Our production facilities, websites, transaction processing systems, network infrastructure, supply chain and customer sales, service and design operations may be vulnerable to interruptions, and we do not have redundancies in all cases to carry on these operations in the event of an interruption. Some of the events that could cause interruptions in our operations or systems are, among others:

- fire, flood, earthquake, hurricane, or other natural disaster or extreme weather;
- labor strike, work stoppage, or other issue with our workforce;
- political instability or acts of terrorism or war;
- power loss or telecommunication failure;

- attacks on our external websites or internal network by hackers or other malicious parties;
- undetected errors or design faults in our technology, infrastructure, and processes that may cause our websites to fail;
- inadequate capacity in our systems and infrastructure to cope with periods of high volume and demand, particularly during promotional campaign periods and in the seasonal peak we typically experience in our second fiscal quarter; and
- human error, including but not limited to poor managerial judgment or oversight.

In particular, both Bermuda, where substantially all of the computer hardware necessary to operate our websites is located in a single facility, and Jamaica, our largest customer service, sales, and design support operation, are subject to a high degree of hurricane risk and extreme weather conditions.

We have not identified alternatives to all of our facilities, systems, supply chains and infrastructure, including production, to serve us in the event of an interruption, and if we were to find alternatives, they may not be able to meet our requirements on commercially acceptable terms or at all. In addition, we are dependent in part on third parties for the implementation and maintenance of certain aspects of our communications and production systems, and because many of the causes of system interruptions or interruptions of the production process may be outside of our control, we may not be able to remedy such interruptions in a timely manner, or at all.

Any interruptions that cause any of our websites to be unavailable, reduce our order fulfillment performance, or interfere with our manufacturing, technology, or customer service operations could result in lost revenue, increased costs, negative publicity, damage to our reputation and brand, and an adverse effect on our business and results of operations. Building redundancies into our infrastructure, systems and supply chain to mitigate these risks may require us to commit substantial financial, operational, and technical resources, in some cases before the volume of our business increases with no assurance that our revenues will increase.

We face intense competition.

The markets for small business marketing products and services and home and family custom products, including the printing and graphic design market, are intensely competitive, highly fragmented and geographically dispersed. We expect competition to increase in the future. The increased use of the Internet for commerce and other technological advances have allowed traditional providers of these products and services to improve the quality of their offerings, produce and deliver those products and services more efficiently and reach a broader purchasing public. Competition may result in price pressure, reduced profit margins and loss of market share and brand recognition, any of which could substantially harm our business and results of operations. Current and potential competitors include:

- traditional storefront printing and graphic design companies;
- office superstores, drug store chains, food retailers and other major retailers targeting small business and home and family markets;
- companies offering small business or consumer websites and other digital products, including website design and hosting companies;
- wholesale printers;
- online printing and graphic design companies, many of which provide printed products and services similar to ours;
- self-service desktop design and publishing using personal computer software with a laser or inkjet printer and specialty paper;
- email marketing services companies;

- suppliers of custom apparel, promotional products and customized gifts;
- online photo product companies;
- Internet firms and retailers; and
- other digital marketing such as social media, search directories, Google Places and other providers.

Many of our current and potential competitors have advantages over us, including longer operating histories, greater brand recognition, more focus on a given sub-set of our business, existing customer and supplier relationships, or significantly greater financial, marketing, and other resources. Many of our competitors currently work together, and additional competitors may do so in the future through strategic business agreements or acquisitions.

The competitive landscape for ecommerce companies continues to change as new ecommerce businesses are introduced and traditional “bricks and mortar” businesses establish an online presence, either by devoting more internal resources to website and systems development or by acquiring, investing in, or partnering with online competitors. Competitors may also develop new or enhanced products, technologies or capabilities that could render many of the products, services and content we offer obsolete or less competitive, which could harm our business and results of operations.

In addition, we have in the past and may in the future choose to collaborate with certain of our existing and potential competitors in strategic partnerships that we believe will improve our competitive position and results of operations, such as through a retail in-store or web-based collaborative offering. It is possible, however, that such ventures will be unsuccessful and that our competitive position and results of operations will be adversely affected as a result of such collaboration.

Failure to meet our customers' price expectations would adversely affect our business and results of operations.

Demand for our products and services is sensitive to price, and changes in our pricing strategies have a significant impact on our revenues and results of operations. Many factors can significantly impact our pricing strategies, including the costs of running our business, our competitors' pricing and marketing strategies, and the effects of inflation. We offer some free or discounted products and services as a means of attracting customers and encouraging repeat purchases, but these free offers and discounts reduce our profit margins and may not result in an increase in our revenues. If we fail to meet our customers' price expectations, our business and results of operations will suffer.

Failure to protect our networks and the confidential information of our customers against security breaches could damage our reputation and brands and substantially harm our business and results of operations.

Online commerce and communications depend on the secure transmission of confidential information over public networks. Currently, a majority of our sales are billed to our customers' credit card accounts directly, and we retain our customers' credit card information for a period of time that varies depending on the services we provide to each customer.

We may need to expend significant resources to protect against security breaches or to address problems caused by breaches. Any compromise or breach of our network or the technology that we use to protect our network and our customer transaction data, including credit card information, could damage our reputation and brand; expose us to losses, litigation, and possible liability; lead to the misappropriation of our proprietary information; or cause interruptions in our operations. Although we maintain network security insurance, we cannot be certain that our coverage will be adequate for liabilities actually incurred or that insurance will continue to be available to us on reasonable terms, or at all. In addition, some of our partners also collect information from transactions with our customers, and we may be liable or our reputation may be harmed if our partners fail to protect our customers' information or use it in a manner that is inconsistent with our practices.

If we fail to address risks associated with credit card fraud, our reputation and brands could be damaged, and our business and results of operations could be harmed.

We may be liable for fraudulent transactions conducted on our websites, such as through the use of stolen credit card numbers. To date, quarterly losses from payment fraud have not exceeded 1% of total revenues in any quarter, but we continue to face the risk of significant losses from this type of fraud.

We depend on search engines to attract a substantial portion of the customers who visit our websites, and losing these customers would adversely affect our business and results of operations.

Many customers access our websites by clicking through on search results displayed by search engines such as Google, Bing, and Yahoo!. If the search engines on which we rely modify their algorithms, terminate their relationships with us, or increase the prices at which we may purchase listings, our costs could increase, and fewer customers may click through to our websites. If fewer customers click through to our websites, we could be required to resort to other more costly resources to replace this traffic, which could adversely affect our revenues and operating and net income and could harm our business.

In addition, some of our competitors purchase the term “Vistaprint” and other terms incorporating our proprietary trademarks from Google and other search engines as part of their search listing advertising. Courts do not always side with the trademark owners in cases involving search engines, and Google has refused to prevent companies from purchasing search results that use the trademark “Vistaprint.” As a result, we may not be able to prevent our competitors from advertising to, and directly competing for, customers who search for the term “Vistaprint” on search engines.

Various private 'spam' blacklisting and similar entities interfere from time to time with our e-mail solicitation, the operation of our websites, and our ability to conduct business.

We depend significantly on e-mail to market to and communicate with our customers. Various private entities attempt to regulate the use of e-mail for commercial solicitation, and some of these entities maintain “blacklists” of companies that do not adhere to what the blacklisting entity believes are appropriate standards of conduct or practices for commercial e-mail solicitations, which are often more stringent than currently legal requirements. Although we believe that our commercial e-mail solicitations comply with all applicable laws, some of our Internet protocol addresses appear on various private entities' blacklists from time to time, which means that e-mails sent from those addresses may be blocked if they are sent to any Internet domain or Internet address that subscribes to the blacklisting entity's service or purchases its blacklist. The blacklisting sometimes interferes with our ability to send operational e-mails—such as password reminders, invoices, and electronically delivered products—to customers and others, and to send and receive emails to and from our corporate email accounts. In addition, as a result of being blacklisted, we have had disputes with, or concerns raised by, various service providers who perform services for us, including co-location and hosting services, Internet service providers and electronic mail distribution services. Blacklisting of this type could interfere with our ability to market our products and services, communicate with our customers and otherwise operate our websites, and operate and manage our corporate email accounts, all of which could have a material negative impact on our business and results of operations.

Our customers create products that incorporate images, illustrations and fonts that we license from third parties, and any loss of the right to use these licensed materials may substantially harm our business and results of operations.

Many of the images, illustrations, and fonts incorporated in the design products and services we offer are the copyrighted property of other parties that we use under license agreements. If one or more of our licenses covering a significant amount of content were terminated, the amount and variety of content available on our websites would be significantly reduced, and we may not be able to find, license, and introduce substitute content in a timely manner, on acceptable terms or at all.

The loss of key personnel or an inability to attract and retain additional personnel could affect our ability to successfully grow our business.

We are highly dependent upon the continued service and performance of our senior management team and key technical, marketing, and production personnel, any of whom may cease their employment with us at any time with minimal advance notice. The loss of one or more of our key employees may significantly delay or prevent the

achievement of our business objectives. We face intense competition for qualified individuals from numerous technology, marketing, financial services, manufacturing, and e-commerce companies. We may be unable to attract and retain suitably qualified individuals, and our failure to do so could have an adverse effect on our ability to implement our business plan.

Our credit facility contains financial and operating restrictions and covenants that may limit our access to additional credit and could negatively impact our liquidity.

Our credit facility imposes limitations on our ability to, among other things:

- incur additional indebtedness and liens outside of the credit facility;
- make certain investments, payments, or changes in our corporate structure; and
- make capital expenditures or purchase our ordinary shares in excess of certain limits.

In addition, we are required to meet certain financial covenants that are customary with this type of credit facility, and our inability to comply with these covenants could result in a default under the credit facility, which could cause us to be unable to borrow under the credit facility and may result in the acceleration of the maturity of our outstanding indebtedness under the facility. If the maturities were accelerated, we may not have sufficient funds available for repayment, and if we were unable to borrow further under the facility, we may not be able to make investments in our business to support our strategy or we may end up in bankruptcy proceedings, or other processes, in which our business would be negatively impacted. In addition, our shareholders would be detrimentally impacted as shareholder value could decrease to a point of limited return. Each scenario would result in significant negative implications to our liquidity and results of operations.

Our hedging activity could negatively impact our results of operations and cash flows.

During the three months ended September 30, 2012, we entered into interest rate swap contracts to manage differences in the amount, timing, and duration of our known or expected cash payments related to our long-term debt. Our objective in using interest rate derivatives is to add stability to interest expense and to manage our exposure to interest rate movements. If we do not accurately forecast our future long-term debt levels, execute contracts that do not effectively mitigate our economic exposure to variable interest rates, or fail to comply with the complex accounting requirements for hedging, our results of operations and cash flows could be negatively impacted.

Our business and results of operations may be negatively impacted by general economic and financial market conditions, and such conditions may increase the other risks that affect our business.

Many of the markets in which we operate are still in an economic downturn that we believe may have a negative impact on our business. Additionally, a significant portion of our revenues and costs come from Europe where the volatility of the capital markets has continued to result in uncertainty for the outlook of the region and potential for one or more countries to exit the Eurozone. Turmoil in the world's financial markets has materially and adversely impacted the availability of financing to a wide variety of businesses, including micro businesses, and the resulting uncertainty led to reductions in capital investments, marketing expenditures, overall spending levels, future product plans, and sales projections across industries and markets. These trends could have a material and adverse impact on the demand for our products and services, our financial results from operations, and our ability to attract and retain employees in jurisdictions where we have significant operations.

The United States government may further increase border controls and impose duties or restrictions on cross-border commerce that may substantially harm our business by impeding our shipments into the United States from our Canadian manufacturing facility.

For the fiscal years ended June 30, 2012 and June 30, 2011 we derived 51% and 53% of our revenue, respectively, from sales to customers made through Vistaprint.com, our United States-focused website. We produce substantially all physical products for our United States customers at our facility in Windsor, Ontario, and the United States imposes restrictions on shipping goods into the United States from Canada. The United States also imposes protectionist measures such as customs duties and tariffs that limit free trade, some of which may apply directly to product categories that comprise a material portion of our revenues. The customs laws, rules and regulations that

we are required to comply with are complex and subject to unpredictable enforcement and modification. We have from time to time experienced delays in shipping our manufactured products into the United States as a result of these restrictions which have, in some instances, resulted in delayed delivery of orders.

In the future, the United States could impose further border controls and restrictions, interpret or apply regulations in a manner unfavorable to the importation of products from outside of the U.S., impose quotas, tariffs or import duties, increase the documentation requirements applicable to cross border shipments or take other actions that have the effect of restricting the flow of goods from Canada and other countries to the United States. For example, if there were a serious threat to U.S. security, such as war or an attack on the United States, the U.S. government could shut down the U.S.-Canadian border for an extended period of time, impose policies that would result in significant Canadian export delays or otherwise disrupt our North American business operations. If we experienced greater difficulty or delays shipping products into the United States or were foreclosed from doing so, or if our costs and expenses materially increased, our business and results of operations could be harmed.

If we are unable to protect our intellectual property rights, our reputation and brands could be damaged, and others may be able to practice our technology, which could substantially harm our business and results of operations.

We rely on a combination of patent, trademark, trade secret and copyright law and contractual restrictions to protect our intellectual property, but these protective measures afford only limited protection. Despite our efforts to protect our proprietary rights, unauthorized parties may copy aspects of our trademarks, websites features and functionalities or obtain and use information that we consider proprietary, such as the technology used to operate our websites and our production operations.

We intend to continue to pursue patent coverage in the United States and other countries to the extent we believe such coverage is justified, appropriate, and cost efficient, but there can be no guarantee that any of our pending applications or continuation patent applications will be granted. In addition, we have in the past and may in the future face infringement, invalidity, intellectual property ownership or similar claims brought by third parties with respect to our current or future patents. Any such claims, whether or not successful, could be extremely costly, damage our reputation and brands and substantially harm our business and results of operations.

Although we hold trademark registrations for the Vistaprint trademark in jurisdictions throughout the world, our competitors or other entities may adopt names or marks similar to ours, thereby impeding our ability to build brand identity and possibly leading to customer confusion. There could be potential trade name or trademark infringement claims brought by owners of other trademarks that incorporate variations of the term “Vistaprint” or our other trademarks, and we may institute such claims against other parties. Any claims or customer confusion related to our trademarks could damage our reputation and brands and substantially harm our business and results of operations.

Intellectual property disputes and litigation are costly and could cause us to lose our exclusive rights, subject us to liability, or require us to stop some of our business activities.

From time to time, we are involved in lawsuits or disputes in which third parties claim that we infringe their intellectual property rights or that we improperly obtained or used their confidential or proprietary information. In addition, from time to time we receive letters from third parties who claim to have patent rights that cover aspects of the technology that we use in our business and that the third parties believe we must license in order to continue to use such technology.

The cost to us of any litigation or other proceeding relating to intellectual property rights, even if resolved in our favor, could be substantial, and litigation diverts our management's efforts from managing and growing our business. Potential adversaries may be able to sustain the costs of complex intellectual property litigation more effectively than we can because they have substantially greater resources. Uncertainties resulting from any litigation could limit our ability to continue our operations. If any parties successfully claim that our sale, use, manufacturing or importation of technologies infringes upon their intellectual property rights, we might be forced to pay significant damages and attorney's fees, and a court could enjoin us from performing the infringing activity, which could restrict our ability to use certain technologies important to the operation of our business.

Alternatively, we may be required to, or decide to, enter into a license with a third party that claims infringement by us. Any such patent license may not be made available on commercially acceptable terms, if at all.

In addition, such licenses are likely to be non-exclusive, and therefore our competitors may have access to the same technology licensed to us. If we fail to obtain a required license and are unable to design around a third party's patent, we may be unable to effectively conduct certain of our business activities, which could limit our ability to generate revenues, grow our business or maintain profitability.

In addition, from time to time, we initiate lawsuits, proceedings or claims to enforce our patents, copyrights, trademarks and other intellectual property rights or to determine the scope and validity of third-party proprietary rights. Our ability to enforce our intellectual property rights is subject to general litigation risks, as well as uncertainty as to the enforceability of our intellectual property rights in various countries. When we seek to enforce our rights, we may be subject to claims that our intellectual property rights are invalid or unenforceable or are licensed to the party against whom we are asserting a claim. There is also a risk that our assertion of intellectual property rights could result in the other party's seeking to assert alleged intellectual property rights of its own against us, which may adversely impact our business in the manner discussed above. Our inability to enforce our intellectual property rights may negatively impact our competitive position and business.

Our business is dependent on the Internet, and unfavorable changes in government regulation of the Internet, e-commerce, and email marketing could substantially harm our business and results of operations.

Due to our dependence on the Internet for our sales, laws specifically governing the Internet, e-commerce and email marketing may have a greater impact on our operations than other more traditional businesses. Existing and future laws - for example, laws covering pricing, customs, privacy, consumer protection or commercial email - may impede the growth of e-commerce and our ability to compete with traditional "bricks and mortar" retailers. It is not always clear how existing laws governing these and other issues apply to the Internet and e-commerce, as the vast majority of applicable laws were adopted before the advent of the Internet and do not contemplate or address the unique issues raised by the Internet or e-commerce. Those laws that do reference the Internet, such as the Bermuda Electronic Transactions Act 1999, the U.S. Digital Millennium Copyright Act and the U.S. CAN-SPAM Act of 2003, are only beginning to be interpreted by the courts, and their applicability and reach are therefore uncertain. Those current and future laws and regulations or unfavorable resolution of these issues may substantially harm our business and results of operations.

We face judicial and regulatory challenges to our practice of offering free products and services, which, if successful, could hinder our ability to attract customers and generate revenue.

We regularly offer free products and services as an inducement for customers to try our products and services. Although we believe that we conspicuously and clearly communicate all details and conditions of these offers-for example, that customers are required to pay shipping and processing charges to take advantage of a free product offer-from time to time we face claims, complaints and inquiries from our customers, competitors, governmental regulators, standards bodies and others that our free offers are misleading or do not comply with applicable legislation or regulation, and we may receive similar complaints, claims and inquiries in the future. If we are compelled or determine to curtail or eliminate our use of free offers as the result of any such actions, our business prospects and results of operations could be materially harmed.

If we were required to review the content that our customers incorporate into our products and interdict the shipment of products that violate copyright protections or other laws, our costs would significantly increase, which would harm our results of operations.

Because of our focus on automation and high volumes, the vast majority of our sales do not involve any human-based review of content. Although our websites' terms of use specifically require customers to represent that they have the right and authority to reproduce a given content and that the content is in full compliance with all relevant laws and regulations, we do not have the ability to determine the accuracy of these representations on a case-by-case basis. There is a risk that a customer may supply an image or other content for a product order that we produce that is the property of another party used without permission, that infringes the copyright or trademark of another party, or that would be considered to be defamatory, hateful, obscene, or otherwise objectionable or illegal under the laws of the jurisdiction(s) where that customer lives or where we operate. If we should become legally obligated in the future to perform manual screening and review for all orders destined for a jurisdiction, we will encounter increased production costs or may cease accepting orders for shipment to that jurisdiction, which could substantially harm our business and results of operations. In addition, if we were held liable for actions of our customers, we could be required to pay substantial penalties, fines, or monetary damages.

We are subject to customer payment-related risks.

We accept payments for our products and services on our websites by a variety of methods, including credit or debit card, PayPal, check, wire transfer or other methods. In some geographic regions, we rely on one or two third party companies to provide payment processing services. If any of the payment processing or other companies with which we have contractual arrangements became unwilling or unable to provide these services to us or we are unable to comply with our contractual requirements under such arrangements, then we would need to find and engage replacement providers, which we may not be able to do on terms that are acceptable to us or at all, or to process the payments ourselves. Any of these scenarios could be disruptive to our business as they could be costly and time consuming and may unfavorably impact our customers.

As we offer new payment options to our customers, we may be subject to additional regulations, compliance requirements and fraud risk. For certain payment methods, including credit and debit cards, we pay interchange and other fees, which may increase over time and raise our operating costs and lower our profit margins or require that we charge our customers more for our products. We are also subject to payment card association and similar operating rules and requirements, which could change or be reinterpreted to make it difficult or impossible for us to comply. If we fail to comply with these rules and requirements, we may be subject to fines and higher transaction fees and lose our ability to accept credit and debit card payments from our customers or facilitate other types of online payments, and our business and operating results could be materially adversely affected.

We may be subject to product liability claims if people or property are harmed by the products we sell.

Some of the products we sell may expose us to product liability claims relating to personal injury, death, or property damage, and may require product recalls or other actions. Although we maintain product liability insurance, we cannot be certain that our coverage will be adequate for liabilities actually incurred or that insurance will continue to be available to us on reasonable terms, or at all.

If we are unable to acquire or maintain domain names for our websites, then we could lose customers, which would harm our business and results of operations.

We sell our products and services primarily through our websites. In each country where we sell our products and services, we seek to obtain and maintain domain names using Vistaprint and our other trademarks together with the suffix for that country and industry, such as .com, .net, .de and .co.uk. From time to time, we have difficulty obtaining a domain name in a particular country or region. Domain names are generally regulated by regional Internet regulatory bodies, and the requirements for obtaining domain names vary from region to region and are subject to change. If we are unable to use a domain name in a particular country, then we would be forced to purchase the domain name from an entity that owns or controls it, which we may not be able to do on commercially acceptable terms or at all; incur significant additional expenses to market our products within that country, including the development of new brands and the creation of new promotional materials and packaging; or elect not to sell products in that country. Furthermore, the relationship between regulations governing domain names and laws protecting trademarks and similar proprietary rights is unclear and subject to change. We might not be able to prevent third parties from acquiring domain names that infringe or otherwise decrease the value of our trademarks and other proprietary rights. As a result, we may not be able to acquire or maintain domain names in all of the countries in which we currently or intend to conduct business, which could significantly and negatively impact our ability to sell our products and services in that country.

Our results of operations may be negatively affected if we are required to charge sales, value added or other taxes on Internet sales.

In many jurisdictions where we sell products and services, we do not collect or have imposed upon us sales, value added or other consumption taxes, which we refer to as indirect taxes. The application of indirect taxes to e-commerce businesses such as Vistaprint is a complex and evolving issue. Many of the fundamental statutes and regulations that impose these taxes were established before the growth of the Internet and e-commerce, and in many cases, it is not clear how existing statutes apply to the Internet or e-commerce. For example, some state governments in the United States have imposed or are seeking to impose indirect taxes on Internet sales. The imposition by national, state or local governments, whether within or outside the United States, of various taxes upon Internet commerce could create administrative burdens for us, discourage customers from purchasing

products from us, decrease our ability to compete with traditional retailers or otherwise negatively impact our results of operations. Additionally, a successful assertion by one or more governments in jurisdictions where we are not currently collecting sales or value added taxes that we should be, or should have been, collecting indirect taxes on the sale of our products could result in substantial tax liabilities for past sales.

If we are unable to retain security authentication certificates, which are supplied by third party providers over which we exercise little or no control, our business could be harmed.

We are dependent on a limited number of third party providers of website security authentication certificates that are necessary for conducting secure transactions over the Internet. Despite any contractual protections we may have, these third party providers can disable or revoke, and in the past have disabled or revoked, our security certificates without our consent, which would render our websites inaccessible to some of our customers and could discourage other customers from accessing our sites, unless we are able to procure a replacement certificate from one of a limited number of alternative third party providers. Any interruption in our customers' ability or willingness to access our websites if we do not have adequate security certificates could result in a material loss of revenue and profits and damage to our brands.

Risks Related to Our Corporate Structure

Challenges by various tax authorities to our international structure could, if successful, increase our effective tax rate and adversely affect our earnings.

We are a Dutch limited liability company that operates through various subsidiaries in a number of countries throughout the world. Consequently, we are subject to tax laws, treaties and regulations in the countries in which we operate, and these laws and treaties are subject to interpretation. From time to time, we are subject to tax audits and claims by the tax authorities in these countries that a greater portion of the income of the Vistaprint N.V. group should be subject to income or other tax in their respective jurisdictions, which could result in an increase to our effective tax rate and adversely affect our results of operations. For more information about audits to which we are currently subject refer to Note 7 "Income Taxes" in the accompanying notes to the condensed consolidated financial statements included in Item 1 of Part I of this Report.

A change in tax laws, treaties or regulations, or their interpretation, of any country in which we operate could result in a higher tax rate on our earnings, which could result in a significant negative impact on our earnings and cash flow from operations. We continue to assess the impact of various international tax proposals and modifications to existing tax treaties between the Netherlands and other countries that could result in a material impact on our income taxes. We cannot predict whether any specific legislation will be enacted or the terms of any such legislation. However, if such proposals were enacted, or if modifications were to be made to certain existing treaties, the consequences could have a materially adverse impact on us, including increasing our tax burden, increasing costs of our tax compliance or otherwise adversely affecting our financial condition, results of operations and cash flows.

Our intercompany, including transfer pricing, arrangements may be challenged, resulting in higher taxes or penalties and an adverse effect on our earnings.

We operate pursuant to written intercompany service and related agreements, which we also refer to as transfer pricing agreements, among Vistaprint N.V. and its subsidiaries. These agreements establish transfer prices for production, marketing, management, technology development and other services performed by these subsidiaries for other group companies. Transfer prices are prices that one company in a group of related companies charges to another member of the group for goods, services or the use of property. If two or more affiliated companies are located in different countries, the tax laws or regulations of each country generally will require that transfer prices be consistent with those between unrelated companies dealing at arm's length. With the exception of the transfer pricing arrangements applicable to our Dutch, French and Australian operations, our transfer pricing arrangements are not binding on applicable tax authorities, and no official authority in any other country has made a determination as to whether or not we are operating in compliance with its transfer pricing laws. If tax authorities in any country were successful in challenging our transfer prices as not reflecting arm's length transactions, they could require us to adjust our transfer prices and thereby reallocate our income to reflect these revised transfer prices. A reallocation of taxable income from a lower tax jurisdiction to a higher tax jurisdiction would result in a higher tax liability to us. In addition, if the country from which the income is reallocated does not agree with the reallocation, both countries could tax the same income, resulting in double taxation.

Our Articles of Association, Dutch law and the independent foundation, *Stichting Continuïteit Vistaprint*, may make it difficult to replace or remove management, may inhibit or delay a change of control or may dilute your voting power.

Our Articles of Association, or Articles, as governed by Dutch law, limit our shareholders' ability to suspend or dismiss the members of our management board and supervisory board or to overrule our supervisory board's nominees to our management board and supervisory board by requiring a vote of two thirds of the votes cast representing more than 50% of the outstanding ordinary shares to do so under most circumstances. As a result, there may be circumstances in which shareholders may not be able to remove members of our management board or supervisory board even if holders of a majority of our ordinary shares favor doing so.

In addition, we have established an independent foundation, *Stichting Continuïteit Vistaprint*, or the Foundation, to safeguard the interests of Vistaprint N.V. and its stakeholders, which include but are not limited to our shareholders, and to assist in maintaining Vistaprint's continuity and independence. To this end, we have granted the Foundation a call option pursuant to which the Foundation may acquire a number of preferred shares equal to the same number of ordinary shares then outstanding, which is designed to provide a protective measure against unsolicited take-over bids for Vistaprint and other hostile threats. If the Foundation were to exercise the call option, it may prevent a change of control or delay or prevent a takeover attempt, including a takeover attempt that might result in a premium over the market price for our ordinary shares. Exercise of the preferred share option would also effectively dilute the voting power of our outstanding ordinary shares by one half.

We have limited flexibility with respect to certain aspects of capital management.

Dutch law requires shareholder approval for the issuance of shares and grants preemptive rights to existing shareholders to subscribe for new issuances of shares. In November 2011, our shareholders granted our supervisory board and management board the authority to issue ordinary shares as the boards determine appropriate, without obtaining specific shareholder approval for each issuance, and to limit or exclude shareholders' preemptive rights. However, this authorization expires in November 2016. Although we plan to seek re-approval from our shareholders from time to time in the future, we may not succeed in obtaining future re-approvals. In addition, subject to specified exceptions, Dutch law requires shareholder approval for many corporate actions, such as the approval of dividends and authorization to repurchase outstanding shares. Situations may arise where the flexibility to issue shares, pay dividends, repurchase shares or take other corporate actions without a shareholder vote would be beneficial to us, but is not available under Dutch law.

Because of our corporate structure, our shareholders may find it difficult to pursue legal remedies against the members of our supervisory board or management board.

Our Articles and our internal corporate affairs are governed by Dutch law, and the rights of our shareholders and the responsibilities of our supervisory board and management board are different from those established under United States laws. For example, under Dutch law derivative lawsuits are generally not available, and our supervisory board and management board are responsible for acting in the best interests of the company, its business and all of its stakeholders generally (including employees, customers and creditors), not just shareholders. Furthermore, we are obligated to indemnify the members of our supervisory board and management board against liabilities for their good faith actions in connection with their service on either board, subject to various exceptions. As a result, our shareholders may find it more difficult to protect their interests against actions by members of our supervisory board or management board than they would if we were a U.S. corporation.

Because of our corporate structure, our shareholders may find it difficult to enforce claims based on United States federal or state laws, including securities liabilities, against us or our management team.

We are incorporated under the laws of the Netherlands, and the vast majority of our assets are located outside of the United States. In addition, some of our officers and management board members reside outside of the United States. In most cases, a final judgment for the payment of money rendered by a U.S. federal or state court would not be directly enforceable in the Netherlands. The party in whose favor such final judgment is rendered would need to bring a new suit in the Netherlands and petition the Dutch court to enforce the final judgment rendered in the United States, and there can be no assurance that a Dutch court would impose civil liability on us or our management team in such a suit or in any other lawsuit predicated solely upon U.S. securities laws. In addition, because most of our assets are located outside of the United States, it could be difficult for investors to place a lien

on our assets in connection with a claim of liability under U.S. laws. As a result, it may be difficult for investors to effect service of process within the United States upon us or our management team, enforce U.S. court judgments obtained against us or our management team outside of the U.S., or enforce rights predicated upon the U.S. securities laws.

We may not be able to make distributions or repurchase shares without subjecting our shareholders to Dutch withholding tax.

A Dutch withholding tax may be levied on dividends and similar distributions made by Vistaprint N.V. to its shareholders at the statutory rate of 15% if we cannot structure such distributions as being made to shareholders in relation to a reduction of par value, which would be non-taxable for Dutch withholding tax purposes. We have repurchased our shares and may seek to repurchase additional shares in the future. Under our Dutch Advanced Tax Ruling, a repurchase of shares should not result in any Dutch withholding tax if we hold the repurchased shares in treasury for the purpose of issuing shares pursuant to certain employee share awards or for the funding of acquisitions. However, if the shares cannot be used for these purposes, or the Dutch tax authorities challenge the use of the shares for these purposes, such a repurchase of shares for the purposes of capital reduction may be treated as a partial liquidation subject to the 15% Dutch withholding tax to be levied on the difference between our recognized paid in capital per share for Dutch tax purposes and the redemption price per share. Our recognized paid in capital per share for Dutch tax purposes is €28.99 per share translated as of the date of our reincorporation to the Netherlands on August 28, 2009.

We may be treated as a passive foreign investment company for United States tax purposes, which may subject United States shareholders to adverse tax consequences.

If our passive income, or our assets that produce passive income, exceed levels provided by law for any taxable year, we may be characterized as a passive foreign investment company, or a PFIC, for United States federal income tax purposes. If we are treated as a PFIC, U.S. holders of our ordinary shares would be subject to a disadvantageous United States federal income tax regime with respect to the distributions they receive and the gain, if any, they derive from the sale or other disposition of their ordinary shares.

We believe that we were not a PFIC for the tax year ended June 30, 2012 and we expect that we will not become a PFIC in the foreseeable future. However, whether we are treated as a PFIC depends on questions of fact as to our assets and revenues that can only be determined at the end of each tax year. Accordingly, we cannot be certain that we will not be treated as a PFIC for our current tax year or for any subsequent year.

If a United States shareholder acquires 10% or more of our ordinary shares, it may be subject to increased United States taxation under the “controlled foreign corporation” rules. Additionally, this may negatively impact the demand for our ordinary shares.

If a United States shareholder owns 10% or more of our ordinary shares, it may be subject to increased United States federal income taxation (and possibly state income taxation) under the “controlled foreign corporation” rules. In general, each U.S. person who owns (or is deemed to own) at least 10% of the voting power of a non-U.S. corporation, “10% U.S. Shareholder,” and if such non-U.S. corporation is a “controlled foreign corporation”, or “CFC,” for an uninterrupted period of 30 days or more during a taxable year, then a 10% U.S. shareholder who owns (or is deemed to own) shares in the CFC on the last day of the CFC's taxable year, must include in its gross income for United States federal income tax (and possibly state income tax) purposes its pro rata share of the CFC's “subpart F income”, even if the subpart F income is not distributed. In general, a non-U.S. corporation is considered a CFC if one or more 10% U.S. Shareholders together own more than 50% of the voting power or value of the corporation on any day during the taxable year of the corporation. “Subpart F income” consists of, among other things, certain types of dividends, interest, rents, royalties, gains, and certain types of income from services and personal property sales.

The rules for determining ownership for purposes of determining 10% U.S. Shareholder and CFC status are complicated, depend on the particular facts relating to each investor, and are not necessarily the same as the rules for determining beneficial ownership for SEC reporting purposes. For taxable years in which we are a CFC for an uninterrupted period of 30 days or more, each of our 10% U.S. Shareholders will be required to include in its gross income for United States federal income tax purposes its pro rata share of our subpart F income, even if the subpart F income is not distributed by us. We currently do not believe we are a CFC. However, whether we are treated as a

CFC can be affected by, among other things, facts as to our share ownership that may change. Accordingly, we cannot be certain that we will not be treated as a CFC for our current tax year or any subsequent tax year.

The risk of being subject to increased taxation as a CFC may deter our current shareholders from acquiring additional ordinary shares or new shareholders from establishing a position in our ordinary shares. Either of these scenarios could impact the demand for, and value of, our ordinary shares.

Our tax rate may increase during periods when our profitability declines. Additionally, we will pay taxes even if we are not profitable on a consolidated basis, which would harm our results of operations.

The intercompany service and related agreements among Vistaprint N.V. and our direct and indirect subsidiaries ensure that most of the subsidiaries realize profits based on their operating expenses. As a result, if the Vistaprint group is less profitable, or even not profitable on a consolidated basis, the majority of our subsidiaries will be profitable and incur income taxes in their respective jurisdictions. In periods of declining operating profitability or losses on a consolidated basis this structure will increase our effective tax rate or our consolidated losses and further harm our results of operations.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On May 14, 2012, we announced that our Supervisory Board authorized the purchase of up to 4,015,127 of our outstanding ordinary shares on the open market (including block trades that satisfy the safe harbor provisions of Rule 10b-18 pursuant to the Securities Exchange Act of 1934) or in one or more self tender offers. This share purchase authorization expires on March 30, 2013, and we may suspend or discontinue the purchase program at any time.

We did not purchase any shares during the three months ended September 30, 2012, and the maximum number of shares available to be purchased under the program is 1,203,021.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 6. EXHIBITS

We are filing the exhibits listed on the Exhibit Index following the signature page to this Report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

October 26, 2012

Vistaprint N.V.

By: _____
/s/ Ernst J. Teunissen
Ernst J. Teunissen
Chief Financial Officer
(Principal Financial Officer)

By: _____
/s/ Michael C. Greiner
Michael C. Greiner
Chief Accounting Officer
(Principal Accounting Officer)

EXHIBIT INDEX

Exhibit	
No.	Description
10.1*	Form of FY2013 Annual Award Agreement under our Performance Incentive Plan for Covered Employees
10.2*	Long-Term Assignment Agreement dated August 8, 2012 between Vistaprint USA, Incorporated and Katryn Blake
31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, Rule 13a-14(a)/15d-14(a), by Chief Executive Officer
31.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, Rule 13a-14(a)/15(d)-14(a), by Chief Financial Officer
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, by Chief Executive Officer and Chief Financial Officer
101.INS	XBRL Instance Document**
101.SCH	XBRL Taxonomy Extension Schema Document**
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document**
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document**
101.LAB	XBRL Taxonomy Extension Label Linkbase Document**
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document**

* Management contract or compensatory plan or arrangement.

** Submitted electronically herewith.

Attached as Exhibit 101 to this report are the following materials from this Quarterly Report on Form 10-Q, formatted in Extensible Business Reporting Language (XBRL): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Consolidated Statements of Cash Flows, and (iv) Notes to Condensed Consolidated Financial Statements.

In accordance with Rule 406T of Regulation S-T, the XBRL related information in Exhibit 101 to this Quarterly Report on Form 10-Q is deemed not filed or part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act, is deemed not filed for purposes of section 18 of the Exchange Act, and otherwise is not subject to liability under these sections.

Vistaprint N.V.

[Form of]
Award Agreement For Fiscal Year 2013
under the
Vistaprint N.V. Performance Incentive Plan For Covered Employees

Participant: _____

Base Amount for the Performance Period: \$ _____

FY 2013 Constant Currency Revenue Target: \$ _____

FY 2013 EPS Target: \$ _____

Vistaprint N.V. (the “Company”) hereby awards on the Vesting Date (as defined below) to the participant named above (the “Participant”) the opportunity to earn a cash amount determined pursuant to the formula set forth below (the “Cash Payment Amount”).

1. Award . If all the conditions set forth in this Agreement are satisfied, the Company will pay the Cash Payment Amount under the Company’s Performance Incentive Plan for Covered Employees, as amended from time to time (the “Plan”), to the Participant named above as promptly as practicable after the Committee makes its determination and certification described in Section 4(b) below, but no later than the next succeeding fiscal quarter after the end of the Performance Period (the “Payment Date”). The Cash Payment Amount is awarded under and governed by the terms and conditions of the Plan. Except as provided in Sections 5 and 6 below or Articles VI and XI of the Plan, the Company shall make no Cash Payment Amount until the Payment Date, and the Participant has no rights to any Cash Payment Amount until the Vesting Date.

2. Definitions.

- (a) Except where the context otherwise requires, the term “the Company” includes any Related Company, as defined in the Plan.
 - (b) The “Committee” means the Compensation Committee of the Company’s Supervisory Board.
 - (c) The “Performance Period” is one fiscal year of the Company ending on the Vesting Date.
 - (d) The “Vesting Date” is June 30, 2013.
 - (e) Capitalized terms used but not defined herein have the meaning ascribed to them in the the Plan.
-

3. Calculation of the Cash Payment Amount .

(a) The Cash Payment Amount for the Performance Period equals the Base Amount set forth above multiplied by the Payout Percentage determined as follows:

Payout Percentage = the greater of:

- (x) $-7.5714 + (7.7143 \times \text{Revenue}\%) + (0.8571 \times \text{EPS}\%)$; or
- (y) $-22.0769 + (20.7692 \times \text{Revenue}\%) + (2.3077 \times \text{EPS}\%)$

If either the Revenue% is less than 92.5 or the EPS% is less than 80, then the Payout Percentage is 0% and the Cash Payment Amount is \$0, even if the other Target is achieved. The Payout Percentage is capped at a maximum of 200%. The Company shall round all amounts in the calculation to two decimals.

(b) "Revenue%" means the Company's actual constant currency revenue for the Performance Period divided by the FY 2013 Constant Currency Revenue Target set forth above. The Company's actual constant currency revenue is calculated by adjusting the Company's revenue for the Performance Period determined in accordance with United States generally accepted accounting principles ("US GAAP") to use the currency exchange rates set forth in the Company's budget for the Performance Period, so long as the Company's Supervisory Board approves such budget before the 90th day of the Performance Period. If the Supervisory Board fails to approve the budget for the Performance Period before the 90th day, then the Company shall use the currency exchange rates set forth in the Company's budget for the fiscal year immediately preceding the Performance Period. In each case, the Committee must certify the adjusted revenue so calculated.

(c) "EPS%" means the Company's actual US GAAP earnings per share for the Performance Period, adjusted as set forth in Section 3(d) below, divided by the FY 2013 EPS Target set forth above. For the avoidance of doubt, earnings per share calculations are inclusive (net of) the expense associated with all employee compensation or bonus plans, including those made pursuant to the Plan.

(d) In determining the extent, if any, to which the performance criteria in this Section 3 have been achieved, the Committee shall adjust the performance criteria proportionately to take into account the following:

(1) Reductions in earnings per share for the Performance Period, as compared to the FY 2013 EPS Target set forth above, that the Committee reasonably determines have resulted from dilutive acquisitions of businesses or assets or minority investments in businesses by the Company and/or any of its subsidiaries (the "Consolidated Company") that are completed during or before the Performance Period but after the date on which the Committee determined the FY 2013 EPS Target (the "Eligible Period").

(2) Reductions in earnings per share for the Performance Period, as compared to the FY 2013 EPS Target, that result directly from the Company's changing the basis of its financial statements filed with the US Securities and Exchange Commission (the "SEC") resulting from either (i) a change from US GAAP to International Financial Reporting Standards or another accounting standard permitted by the SEC for use by registered companies or (ii) a change to existing US GAAP required to be made in the Performance Period.

(3) Reductions in earnings per share for the Performance Period, as compared to the FY 2013 EPS Target, that result directly from amounts that are accrued, paid or payable by the Consolidated Company during the applicable Performance Period (i) under any agreement that the Consolidated Company enters into in settlement of a Lawsuit, or (ii) in damages or penalties awarded by a court or other governmental agency in judgment of a Lawsuit, in each case where the expense for such settlement or award occurred during the Eligible Period. A "Lawsuit" is a lawsuit, administrative proceeding (including but not limited to tax proceedings) or similar process for presenting claims for adjudication by any state, federal, national or local court or governmental or regulatory agency in which the Consolidated Company is a party.

(4) Reductions in earnings per share for the Performance Period, as compared to the FY 2013 EPS Target, resulting from charges attributable to the impairment of the Company's intangible assets or goodwill.

(5) Reductions in earnings per share for the Performance Period, as compared to the FY 2013 EPS Target, resulting from charges incurred as part of a discontinuation or integration of operations, including charges relating to the cost of the termination of contracts (including but not limited to lease agreements), termination of employees, relocation of resources (including employees and assets), write-offs or impairments of tangible or intangible assets, or other expenses and charges tied directly to the decision to discontinue or integrate operations of the Company.

4. Conditions for Payment . Except as provided in Sections 5 or 6 below or Articles VI or XI of the Plan, the Company shall not pay any Cash Payment Amount unless all of the following conditions are satisfied:

(a) The Participant is, and has continuously been, an employee of the Company beginning with the date of this Agreement and continuing through the Vesting Date.

(b) The performance criteria set forth in Section 3 above are satisfied during the Performance Period. The Committee must determine and certify in writing after the end of the Performance Period the extent, if any, to which the performance criteria have been achieved.

(c) Notwithstanding the foregoing, the Committee may reduce the Cash Payment Amount, including to \$0, if the Committee believes, in its sole discretion, that such a reduction is necessary or appropriate.

5. Employment Events Affecting Payment of Award .

(a) If the Participant dies or becomes disabled (within the meaning of Section 22(e)(3) of the Code) before the end of the Performance Period, then the Participant or his estate is nevertheless eligible to receive on the Payment Date the pro rata share of the Cash Payment Amount based on the number of months of participation during any portion of the Performance Period in which the death or disability occurs.

(b) If the Participant is terminated other than by reason of death or disability, then except to the extent specifically provided to the contrary in any other agreement between the Participant and the Company, the Company shall pay no Cash Payment Amount, and this Agreement is of no further force or

effect unless the performance criteria set forth in the accompanying Award Agreement are satisfied and the Committee determines, in its sole discretion, that the Cash Payment Amount is merited.

(c) If, at any time after the Vesting Date but before the Payment Date, (i) the Participant's relationship with the Company is terminated by the Company for Cause (as defined below) or (ii) the Participant's conduct after termination of the employment relationship violates the terms of any non-competition, non-solicitation or confidentiality provision contained in any employment, consulting, advisory, proprietary information, non-competition, non-solicitation or other similar agreement between the Participant and the Company, then, without limiting any other remedy available to the Company, all right, title and interest in and to the Cash Payment Amount are forfeited and revert to the Company as of the date of such determination and the Company is entitled to recover from the Participant the Cash Payment Amount.

(d) "Cause," as determined by the Company (which determination is conclusive), means:

(1) the Participant's willful and continued failure to substantially perform his or her reasonable assigned duties (other than any such failure resulting from incapacity due to physical or mental illness or, if applicable, any failure after the Participant gives notice of termination for Good Reason, as defined in an agreement between the Participant and the Company), which failure is not cured within 30 days after a written demand for substantial performance is received by the Participant from the Supervisory Board which specifically identifies the manner in which the Board believes the Participant has not substantially performed the Participant's duties; or

(2) the Participant's willful engagement in illegal conduct or gross misconduct that is materially and demonstrably injurious to the Company.

For purposes of this Section 5(d), no act or failure to act by the Participant is considered "willful" unless it is done, or omitted to be done, in bad faith and without reasonable belief that the Participant's action or omission was in the best interests of the Company.

6. Change in Control. Upon a Change in Control (as defined in the Plan), except to the extent specifically provided to the contrary in any other agreement between the Participant and the Company, the performance criteria set forth in Section 3 above are deemed satisfied for the Performance Period in which the Change in Control occurs, and in lieu of the amounts to be determined pursuant to the formula set forth in Section 3 above, the Participant is entitled to receive instead a Cash Payment Amount equal to 100% of the Base Amount, pro-rated through the date of the Change in Control, for the Performance Period in which the Change in Control occurs, which amount is payable as soon as practicable following the Change in Control, but no later than 2.5 months following the Change in Control.

7. No Special Employment or Similar Rights . Nothing contained in the Plan or this Agreement shall be construed or deemed by any person under any circumstances to bind the Company to continue the employment or other relationship of the Participant with the Company. The Company expressly reserves the right at any time to dismiss or otherwise terminate its relationship with the Participant free from any liability or claim under the Plan or this Agreement.

8. Withholding Taxes. The Company's obligation to pay the Cash Payment Amount is subject to the Participant's satisfaction of all applicable income, employment, social charge and other tax withholding requirements under all applicable rules and regulations.

9. Transferability. The Participant shall not sell, assign, transfer, pledge, hypothecate or otherwise dispose of this Agreement (whether by operation of law or otherwise) (collectively, a “transfer”), except that this Agreement may be transferred (i) by the laws of descent and distribution, (ii) pursuant to a qualified domestic relations order, or (iii) with the prior consent of the Committee, to or for the benefit of any immediate family member, family trust, family partnership or family limited liability company established solely for the benefit of the Participant and/or an immediate family member of the Participant.

10. Miscellaneous .

(a) Except as provided herein, this Agreement may not be modified unless evidenced in writing and signed by the Company and the Participant, unless the Committee determines that the modification, taking into account any related action, would not materially and adversely affect the Participant.

(b) All notices under this Agreement must be mailed or delivered by hand to the Company at its main office, Attn: Secretary, and to the Participant at his or her last known address on the employment records of the Company or at such other address as may be designated in writing by either of the parties to one another.

(c) This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts, USA.

Accepted and Agreed:

Vistaprint N.V.

[Participant]

By: _____
Name: _____
Title _____

LONG-TERM ASSIGNMENT AGREEMENT

This Long-Term Assignment Agreement is made on August 8, 2012 between Vistaprint USA, Incorporated (“Vistaprint”) and Katryn Blake (“you”). This Agreement sets forth the terms and conditions of your assignment to the facilities of Vistaprint SARL (the “Host Company”) in France (the “Host Country”).

You and Vistaprint agree as follows:

1. Assignment and Employment.

(a) Assignment Term. Your assignment to the Host Country is expected to continue for 36 months from the date of your arrival in the Host Country, which is expected to occur on or about August 1st, 2012, subject to your receipt of a valid work authorization and medical clearances, if applicable. The date on which you arrive in the Host Country to begin your assignment is the “Assignment Effective Date.” Throughout this Agreement, the term “assignment” refers to the period from the Assignment Effective Date until the date on which (i) you return permanently to the Home Country, (ii) you are transferred to and become an employee of the Host Company, or (iii) your employment with Vistaprint and its affiliates terminates for any reason, whichever of (i) through (iii) happens first.

(b) Employment Relationship. During your assignment, you remain an employee of Vistaprint, your employment relationship remains with Vistaprint’s office in the United States (the “Home Country”), and the laws of the Home Country govern your employment with Vistaprint.

(c) Termination of Assignment. At the end of your assignment, you and Vistaprint shall endeavor in good faith to come to a mutual agreement whether to extend your assignment in the Host Country beyond the original term or return you to the Home Country.

(i) If your assignment in the Host Country is extended, then Vistaprint shall transfer your employment to the Host Company, at which time this Agreement would terminate and you would no longer be entitled to the benefits of this Agreement.

(ii) If your assignment in the Host Country ends and you return to the Home Country, Vistaprint shall endeavor in good faith to find you a suitable role at Vistaprint. However, Vistaprint does not guaranty that a position will be made available to you upon your return to the Home Country.

2. Travel Documents.

(a) Work Authorization and Visa. Vistaprint shall pay the costs related to obtaining (i) any necessary work authorization to permit you to work in the Host Country and (ii) any necessary visa(s) to permit you and your Immediate Family to live in the Host Country. For clarity, Vistaprint has no obligation to pay for work authorizations for members of your Immediate Family to work in the Host Country. Vistaprint shall also pay the travel costs in accordance with Vistaprint’s travel and expense policy if you or your Immediate Family are required to return to your original country in connection with your work authorization or visa(s). “Immediate Family” means your spouse or eligible partner and any dependent children who will live with you in the Host Country.

(b) Passport and Other Travel Documents. It is your responsibility to apply for and maintain the effectiveness of you and your Immediate Family’s passports and other travel documents during

your assignment to the Host Country. Vistaprint has no obligation to pay any costs or take any actions in connection with your passports or other travel documents, except as set forth in Section 2(a) above.

3. Compensation and Benefits.

(a) Salary and Incentive Compensation. During your assignment to the Host Country, Vistaprint shall pay your salary and other cash compensation in accordance with Vistaprint's policies and practices in the Home Country.

(b) Healthcare Benefits. Beginning on the Assignment Effective Date and continuing until your assignment terminates, you and your Immediate Family are eligible to participate in Vistaprint's international healthcare benefits plan, currently provided by Aetna, which provides global medical and dental coverage.

(c) Retirement and Severance Benefits. During your assignment, you continue to be eligible to participate in your Home Country retirement benefit plan and to receive Vistaprint contributions, if applicable, as set forth in the Home Country retirement benefit plan. Your total time of service with companies affiliated with Vistaprint, including the Host Company, are included in the calculation of your retirement and Vistabreak benefits, if any, but only your time of service in your Home Country is included in the calculation of any severance to which you may be entitled by law. Your assignment, transfer, and repatriation are not deemed to be a termination of your employment, and you are not eligible for any severance or other employment termination benefits due to your assignment, transfer, or repatriation.

(d) Paid Time Off. When you depart for the Host Country, you shall elect either (a) to receive a payment of the full amount of your accrued paid time off (PTO) or (b) to carry over up to 40 PTO hours with you to the Host Country and receive a payment of your remaining accrued PTO (if any) above the amount you carry over. During your assignment, your PTO is commensurate with the Host Company's standard PTO policies, including but not limited to the Host Company's policies relating to holidays and the maximum amount of PTO time that may be accrued and carried over from year to year. When you return to the Home Country, the rate at which you accrue PTO will reflect the normal accrual rate in the Home Country based on your tenure at the time of your return.

4. Relocation Allowances and Reimbursements.

(a) Relocation Allowances. Vistaprint shall pay you the one-time allowances listed below in Euros or USD (calculated using the spot currency exchange rate on the date of payment), in all cases subject to Section 7 below.

(i) *Allowance for miscellaneous expenses.* One month before the Assignment Effective Date, Vistaprint shall pay you \$3,000 to cover miscellaneous expenses that generally occur during the transfer process, such as security deposits, telephone installation, service contracts, movers and shipment.

(ii) *Moving allowance.* If you elect not to receive reimbursement of the costs of moving your household goods and personal belongings as set forth in Section 4(b)(ii) below, then Vistaprint shall pay you 25,000 Euros to assist in moving your household goods and personal belongings and/or purchasing new items in the Host Country.

(b) Relocation Reimbursements. Vistaprint shall reimburse you for the expenses listed below, in all cases subject to Section 7 below.

(i) *Travel expenses.* Vistaprint shall reimburse you for reasonable expenses for you and your Immediate Family to travel from the Home Country to the Host Company's location, including one-way transportation business class, transportation transfers such as taxis, and meals and lodging for two days and two nights in the Home Country, if needed.

(ii) *Moving expenses.* Unless you elect to receive the allowance set forth in Section 4(a)(ii) above, Vistaprint shall pay for rental furniture or pay (a) the reasonable expenses associated with packing, crating, and uncrating your household goods and personal belongings for your primary residence that you are bringing with you on assignment; (b) sea freight and air freight charges for transporting your household goods and personal belongings; and (c) reasonable insurance costs associated with the moving of your household goods and personal belongings via a professional carrier.

(iii) *Storage expenses.* Vistaprint shall reimburse you for or pay (a) the reasonable expenses associated with packing, crating, transporting, and uncrating your household goods and personal belongings for your primary residence that you are not bringing with you on assignment; and (b) the cost of storing such household goods and personal belongings in a storage facility measuring no more than 600 cubic feet, for the term of your assignment.

(iv) *Limitations on moving and storage expenses.* Vistaprint has no obligation to reimburse you or pay for (a) the costs associated with moving or storing firewood, building supplies, boats, cars, appliances that do not work on the currency or outlets of the Host Country, airplanes, frozen foods, plants, or furnishings of second or vacation homes; or (b) insurance covering jewelry, furs, cash equivalents, or other items of unusual value.

(v) *Temporary living expenses.* If your accommodations in the Host Country are not available on the Assignment Effective Date, Vistaprint shall reimburse you for reasonable temporary living expenses for you and your Immediate Family for up to 30 days.

(vi) *Loss on car sale.* If you elect to sell your personal car(s) before leaving for your assignment, Vistaprint shall reimburse you for any loss on the sale of one car for you and one car for your spouse or eligible partner (for a maximum of two cars), based on the difference between the fair market (or "book") value of the car and the amount you receive for the sale, up to a maximum of \$2,000 per car.

(c) Repayment of Allowances. If, within 12 months after the Assignment Effective Date, you voluntarily terminate your employment with Vistaprint and its affiliates or are transferred to another location at your request, you shall repay Vistaprint on a pro-rata basis (determined by the length of your service from the Assignment Effective Date) for the allowances paid to you under Section 4(a) above. Vistaprint may deduct the repayment amount from your salary, bonus or other amounts that Vistaprint owes to you.

5. Allowances and Reimbursements during your Assignment.

(a) Assignment Allowances. During the term of your assignment, Vistaprint shall pay you the allowances listed below in accordance with the Host Company's regular payroll practices in Euros or USD (calculated using the spot currency exchange rate on the date of payment), in all cases subject to Section 7 below. Vistaprint shall review the amount of these allowances on a semi-annual basis or at any time when there is 10% or higher fluctuation in the exchange rate or price movement in the Host Country,

based on market analysis by Vistaprint's research vendor, and may adjust the allowances accordingly. Your eligibility for these allowances terminates when your assignment in the Host Country terminates.

(i) *Housing allowance.* Vistaprint shall pay you 108,000 Euros per 12-month period to offset your rent, with the first 12-month period beginning on the date on which you first rent a home in the Host Country.

(ii) *Food allowance.* Vistaprint shall pay you 29,382 Euros per 12-month period to offset your costs of food, with the first 12-month period beginning on the Assignment Effective Date.

(b) Assignment Reimbursements. During the term of your assignment in the Host Country, Vistaprint shall reimburse you for the expenses listed below, in all cases subject to Section 7 below.

(i) *Airfare.* Vistaprint shall reimburse you for business class airfare for you and your Immediate Family to travel round trip from the Host Country to the Home Country twice per each 12-month period of your assignment, with the first 12-month period beginning on the Assignment Effective Date.

(ii) *Education assistance.* Vistaprint shall pay on your behalf (a) 100% of the actual cost of pre-kindergarten and grades K-12 application and registration fees for your children, totaling 16,600 Euros for the 2012/2013 school year, and (b) 100 % of the actual cost of tuition and transportation expenses for your children in pre-kindergarten and grades K-12, totaling 47,300 Euros for the 2012/2013 school year. Vistaprint will bear the cost of all annual upcoming school fee increases during the total length of your assignment.

The application and registration fees and tuition costs are total per year, not per child. Vistaprint has no obligation to reimburse you for uniforms, school supplies, lunches, field trips, or extracurricular or optional charges.

(iii) *Property management services.* Vistaprint shall reimburse you for the costs related to property management services for your primary residence in the Home Country, up to a maximum of \$3,600 per 12-month period, with the first 12-month period beginning on the Assignment Effective Date.

(iv) *Transportation assistance.* Vistaprint shall reimburse you for the costs relating to transportation to and from work in the Host Country, up to a maximum of 14,400 Euros per 12-month period, with the first 12-month period beginning on the Assignment Effective Date.

(v) *Au Pair/Nanny assistance .* Vistaprint shall reimburse you for the costs relating to Au Pair or nanny assistance , up to a maximum of 36,000 Euros per 12-month period, with the first 12-month period beginning on the Assignment Effective Date.

6. Repatriation Allowances and Reimbursements; Termination.

(a) Repatriation Allowance. If you and Vistaprint mutually agree to return you to the Home Country at the conclusion of your assignment, Vistaprint shall pay you a one-time allowance of

\$1,000 to cover miscellaneous expenses that may occur during the repatriation process, such as service contracts, movers and shipment, subject to Section 7 below.

(b) Repatriation Reimbursements . If you and Vistaprint mutually agree to return you to the Home Country at the conclusion of your assignment, Vistaprint shall reimburse you for the expenses listed below, in all cases subject to Section 7 below.

(i) *Travel expenses*. Vistaprint shall reimburse you for business class airfare for you and your Immediate Family to travel one way from the Host Country to the Home Country.

(ii) *Moving expenses*. Vistaprint shall reimburse you for or pay (a) the reasonable expenses associated with packing, crating, and uncrating household goods and personal belongings that are similar in weight and volume to the goods and belongings that you shipped to the Host Country pursuant to Section 4(b)(ii) above; (b) sea freight and air freight charges for transporting such household goods and personal belongings; and (c) reasonable insurance costs associated with the moving of such household goods and personal belongings via a professional carrier. The reimbursement to which you are entitled under this Section 6(b)(ii) is subject to the limitations set forth in Section 4(b)(iv).

(iii) *Return of items in storage*. Vistaprint shall reimburse you for or pay the reasonable expenses associated with returning your household goods and personal belongings that were stored pursuant to Section 4(b)(iii) above during your assignment to your home in the Home Country. The reimbursement to which you are entitled under this Section 6(b)(iii) is subject to the limitations set forth in Section 4(b)(iv).

(iv) *Rental car and temporary housing*. Vistaprint shall reimburse you for (a) the cost of renting a car in the Home Country for a maximum of two weeks, and (b) if your accommodations in the Home Country are not available upon your return, reasonable temporary living expenses for you and your Immediate Family for up to 30 days.

(c) Repatriation Reimbursement for Termination . If your employment with Vistaprint terminates for any reason during your assignment, then you are entitled only to the reimbursement set forth in Section 6(b) above.

7. Terms Applicable to All Allowances and Reimbursements .

(a) Allowances . Vistaprint shall “gross up” the allowances set forth in Sections 4(a), 5(a) and 6(a) above to cover any applicable income taxes that you may incur with respect to the allowances. Such allowances are not considered for the purpose of bonus, long-term incentive compensation, or benefit calculations. You are not required to account for your expenses in connection with these allowances.

(b) Reimbursements . In order to receive reimbursement or payment of any expenses to which you are entitled under this Agreement, you must promptly submit receipts and other documentation that are reasonably acceptable to Vistaprint in accordance with Vistaprint’s travel and expense policy. You must not commingle business expenses and reimbursable expenses in the same report; they must be reported separately.

(c) Travel Expenses . All travel, meals, lodging, and temporary living expenses and reimbursements payable under this Agreement are subject to Vistaprint’s travel and expense policy, and

Vistaprint has no obligation to reimburse you or pay for any such expenses that do not meet the requirements and limitations of such policy. All reimbursable air transportation is based on fully refundable, 30-day advance purchase, business class airfare for travel via the most direct route between the Home Country and the Host Country. Vistaprint has no obligation to reimburse you for any expenses relating to any vacation you may take concurrent with your travel before, during, or after your assignment.

8. Tax Assistance and Split Salary.

(a) Tax Equalization. Vistaprint shall provide you with the tax equalization and assistance set forth in Vistaprint's Tax Equalization Policy for Expatriate Assignments, as amended from time to time. You acknowledge that you have received a copy of this policy and that your tax benefits are subject to the terms and conditions of such policy.

(b) Your Obligations. You shall provide required information in a timely manner to Vistaprint's expatriate tax service provider and notify such provider of any changes that could affect your income during your assignment, including but not limited to changes in family size or personal income. You are responsible for any penalties and interest associated with late filings of your tax return(s) or failure or delay in paying taxes.

(c) Taxes on Reimbursements. Vistaprint shall pay on your behalf or reimburse you for any applicable taxes that are directly related to reimbursements paid under this Agreement.

(d) Tax Advantaged Plans. If Vistaprint so requests due to a tax advantage to Vistaprint or you, you shall enter or pay a portion of your compensation into a pre-tax plan, tax-advantaged plan, or salary sacrifice arrangement available in the Host Country.

(e) Salary Split and Wire Fees. You are eligible to have your salary split between the currencies of the Host Country and Home Country for the total length of your assignment. If you elect to receive a salary split, then Vistaprint shall calculate exchange rates at the time of payment.

9. Compliance with Laws and Vistaprint's Policies. You shall at all times, both before and after your transfer to the Host Country, comply with Vistaprint's policies and all applicable laws, including but not limited to the laws of the Home Country and Host Country.

10. Data Privacy Notice and Consent. You understand that Vistaprint and its affiliated companies hold certain personal information about you, including but not limited to your name, home address and telephone number, date of birth, social security number or identification number, bank account details, salary, nationality and job title ("Data"). You explicitly consent to the collection, use and transfer, in electronic or other form, of your Data by Vistaprint and its affiliates, and you understand and agree that Vistaprint and/or its affiliates will transfer Data amongst themselves and to service providers or other third parties assisting Vistaprint with the processing of Data. You understand that these recipients may be located within or outside the United States and that the recipient's country may have different data privacy laws and protections than your country. You authorize the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes described in this Section. You may, at any time, request access to the Data, request any necessary amendments to it or refuse or withdraw the consents in this Section, in any case without cost, by contacting in writing your local human resources representative.

11. Confidentiality. You understand that this Agreement is a confidential matter between you and Vistaprint and that other employees may have different arrangements with Vistaprint and its affiliated companies. Accordingly, you shall not discuss the terms of this Agreement with other employees of Vistaprint

and its affiliated companies, other than those who need to know the terms of this Agreement in order to carry out their duties for Vistaprint or its affiliated companies.

12. No Employment Contract. You understand that (a) this Agreement does not constitute a contract of employment and does not imply that your employment will continue for any period of time and (b) your employment with Vistaprint is at will and may be terminated with or without cause at any time, to the extent permitted under the laws of the Home Country.

13. Miscellaneous.

(a) Severability. The invalidity or unenforceability of any provision of this Agreement does not affect the validity or enforceability of any other provision of this Agreement.

(b) Entire Agreement, Amendment. This Agreement supersedes all prior agreements, written or oral, between you and Vistaprint or its affiliated companies relating to the subject matter of this Agreement. This Agreement may not be modified, changed or discharged in whole or in part, except by an agreement in writing signed by you and Vistaprint. You agree that any change or changes in your duties, salary or compensation after the signing of this Agreement do not affect the validity or scope of this Agreement.

(c) Successors and Assigns. This Agreement is binding upon your heirs, executors and administrators and inures to the benefit of Vistaprint and its successors and assigns.

(d) Governing Law. This Agreement is governed by the laws of the Home Country.

You acknowledge that you have carefully read this Agreement and understand and agree to all of its provisions.

Vistaprint USA, Incorporated

By: /s/Michael C. Greiner

Name: Michael C. Greiner

Title: VP and CAO

/s/Katryn Blake

Katryn Blake

CERTIFICATION

I, Robert S. Keane, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Vistaprint N.V.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 26, 2012

/s/ Robert S. Keane

Robert S. Keane

Chief Executive Officer

CERTIFICATION

I, Ernst J. Teunissen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Vistaprint N.V.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 26, 2012

/s/ Ernst J. Teunissen

Ernst J. Teunissen
Chief Financial Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Vistaprint N.V. (the "Company") for the fiscal quarter ended September 30, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Robert S. Keane, Chief Executive Officer, and Ernst J. Teunissen, Chief Financial Officer, of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, that, to his knowledge on the date hereof:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 26, 2012

/s/ Robert S. Keane

Robert S. Keane
Chief Executive Officer

Date: October 26, 2012

/s/ Ernst J. Teunissen

Ernst J. Teunissen
Chief Financial Officer